

# CURRENT HISTORY

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## EDITOR'S NOTE:

A statistical sleight of hand has catapulted China from the world's tenth largest economy to the third, following the United States and Japan. This boost in standings—which is questioned by Vaclav Smil in this issue—came as the Chinese government began efforts to cool off an economic growth rate that has raced to a blistering 12 percent a year.

Whether the leadership can rein in the economy, which is the focus of Penelope Prime's article, may be less important to the long-term stability of China than whether the state can maintain political control. Journalist Liu Binyan believes that the state and party have lost all political and moral credibility and that the time is ripe for a movement to reclaim China from the spiritual vacuum that is the result of nearly 50 years of Communist rule.

David Shambaugh also believes the state has begun to crumble. He details the social malaise, economic inequity, and general discontent that have afflicted China as the government's grip over the country slips.

Edward Friedman sees another factor that may wrest power from the center: a nascent regionalism among the southern Chinese, a regionalism set against what southerners believe is a northern-dominated government that cares little for the concerns of those in the south and that is becoming increasingly irrelevant as the south prospers.

While not prophesying the fragmentation of China because of Muslim separatism, Dru Gladney does point out the government's recent attempts to deal with this possibility as the country's Muslims make new contacts with the Muslims of Central Asia.

How the Clinton administration should react to this swirl of events in China is the focus of David Zweig's article. Zweig argues that the United States should pursue a policy toward China that recognizes the growing economic interdependence between the two countries; he finds that the strongest leverage the United States has is to maintain trade ties with China.

—W. W. F.

## Coming in October:

RUSSIA AND EUROASIA

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"Though nobody will openly acknowledge it, what is practiced in China today is not socialism but capitalism. Regardless of whether it is Deng himself, his enemies, people who benefit from the reforms, or those who are hurt by them, everyone knows this. Deng's opponents may raise the 'anti-capitalist' banner after he dies, but it is already too late."

## The Long March from Mao: China's De-Communization

BY LIU BINYAN

Since 1989, Communist regimes in Eastern Europe and the Soviet Union have collapsed one by one, leaving only China with an apparently flourishing Communist government. China's Communists have not only managed to remain in power, but have even induced rapid economic growth while maintaining relative social stability during the last few years. How has this been possible? And what is the future of the party, and the China that it rules?

### THE ROOTS OF AMBIVALENCE

The Chinese Communists (and their Vietnamese counterparts as well) are unique among the world's governing Communist parties in that they came to power only after more than 20 years of bitter fighting. The honesty and high moral standards displayed by the Chinese Communists for their first few years in power starkly contrasted with the darkness and corruption of pre-1949 Kuomintang rule—so much so that all the nearly unbearable problems that had plagued China for so long seemed obliterated overnight. For the Chinese people, the Communists and Mao Zedong became not only

great liberators, but the very embodiments of truth, justice, and morality.

The absolute authority and public trust the Communist party enjoyed during the 1950s and 1960s made almost all Chinese eager to join. The best people from every level of society, from the intelligentsia to the workers, became party members and cadres. Even though in following Mao they may have made numerous mistakes (which they have come to regret), many of them had the people's welfare at heart as they waged successive ideological struggles against "erroneous" political lines; large numbers even suffered Mao's ruthless persecution. When Deng Xiaoping rehabilitated the victims of previous upheavals in 1979, the former party members who regained their political rights numbered in the hundreds of thousands; quite a few resumed leadership duties.

Many middle-aged and older Chinese still remember the Communists' outstanding record of political accomplishments between 1949 and 1956. This is largely due to the fact that even after Mao had led the Chinese people into disasters, many party members and cadres stayed true to their ideals and stood with the people in an attempt to mitigate these disasters, or worked to oppose the bad cadres in the party.

This explains why the Chinese frequently view the party with a split perspective. People will occasionally complain, for example, that local magistrate so-and-so (usually a party member) is "very bad and ought to be shot, but the local party secretary is a good person; we like him." Even during the upheavals of 1988 and 1989, when people reviled the party from all sides, they would never have condoned a slogan such as "Down with the Communist party!"

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LIU BINYAN served as a special correspondent for the Chinese Communist party newspaper *Renmin ribao* from 1979 to 1987. While at the paper Liu became well known for his investigative reporting on corruption in the party. He was expelled from the party in 1987. He is presently serving as chairman of the executive committee of the Princeton China Initiative. A collection of his essays has been published as *China's Crisis, China's Hope* (Cambridge: Harvard University Press, 1990). This article was translated from the Chinese by David M. Kamen.

Much about the Chinese Communists would be unimaginable in other countries. In its first three decades of rule, the party had no need for a state-security organization like the KGB. During the famine of 1959–1961, which Mao engineered, at least 40 million people died, but there was no rebellion. Far from abandoning the party after it launched the decade-long disaster known as the “Great Proletarian Cultural Revolution,” the people actually pinned their hopes on Deng Xiaoping and his clique. Even after Deng decided to unleash an unprecedented massacre in the capital in 1989, the people continued to tolerate the Communist regime.

Compared to their former Soviet counterparts, Chinese Communists are less rigid and dogmatic, and are more interested in obtaining practical results. In pursuing a major goal, they are likely to be more flexible on side issues, and at times even willing to make major concessions or accept facts accomplis that they dislike. People at all levels of the party hierarchy thus often get away with merely feigning obedience to their superiors.

This flexibility extends to China’s political mechanisms, which are also slightly more pliant than were those of the Soviet Union. As a result, Deng’s policy of “holding fast to the Four Basic Principles” (which are hardly distinguishable from Maoism) can co-exist with his policy of economic liberalization.\* This is the basis for the way Deng Xiaoping and the Chinese people in general behave in society: there are things one can do but not talk about, others one merely talks about but does not actually do. Deng has launched campaigns against “bourgeois liberalization” on four separate occasions, yet the freedom enjoyed by the Chinese people continues to grow.

Depending on their temperament and attitudes, the actions Chinese leaders take in the regions or departments they are in charge of may depart from the limitations imposed by the system. For example, a few months after Mao launched an intensive nationwide campaign of agricultural collectivization in 1956, the secretary of a county party committee in Zhejiang province dared to propose a plan for setting farm-output quotas on the basis, not of cooperatives, but individual households (*baochan dao hu*); his superior, the secretary of the provincial party committee, actually implemented it temporarily on a trial basis. (Deng himself dared not fully authorize this system until 1979.)

Similar situations became even more common after the Cultural Revolution. The chaos of that period had brought party activities to a halt for as long as five years; almost all party cadres were stripped of their positions, deprived of their rights, and subjected to ruthless ideo-

logical denunciations (which often included physical humiliation and torture). As a result, the will and morale of the Chinese Communist party, previously known for its “iron discipline,” were enormously damaged. Different political factions arose within the party, and corruption among party cadres grew significantly, all of which had a devastating impact on the political and economic system in the aftermath of the Cultural Revolution. Considerable liberalization had taken place within the party even before Deng launched his reforms in 1979, which is why there was less resistance within the party to reforms than there was from within the Soviet Communist party to reforms in the Soviet system.

These distinctive aspects of Chinese political practice are among the reasons why China’s Communists have found their way out of their crises and avoided a total collapse of the system. Since the introduction of economic reforms, the trend toward the localization of political authority has greatly intensified; local leading cadres can respond to a political crisis by making more independent decisions (which include some concessions to popular demands), thus enhancing local stability and lessening the impact of the crisis. While the overall system remains unchanged, each province and district will gradually become more politically, economically, and culturally diversified.

All this is evidence of a unique and fascinating phenomenon now taking place in China. Though nobody will openly acknowledge it, what is practiced in China today is not socialism but capitalism. Regardless of whether it is Deng himself, his enemies, people who benefit from the reforms, or those who are hurt by them, everyone knows this. Deng’s opponents may raise the “anti-capitalist” banner after he dies, but it is already too late.

## A CYCLE OF CORRUPTION

From the very beginning of his economic reform effort, Deng faced a host of problems. The reforms did raise the people’s standard of living; 800 million peasants were released from semi-serf status as the era of “People’s Communes” ended, greatly alleviating popular dissatisfaction with the Communists. But economic liberalization brought with it demands for ideological and political liberalization; Deng’s repeated campaigns against “bourgeois liberalization” and his refusal to let the people promote social reform stirred popular discontent and resistance.

The economic reforms and China’s opening to the outside during the 1980s gave party officials greater opportunity to abuse their power; resistance to reforms from within the party decreased as a result. But party corruption also gave rise to popular demands for political reform and the introduction of the rule of law, which Deng and his clique had no intention of carrying out.

As the economic reforms progressed, they revealed abuses in the political system ever more clearly. Politi-

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\*Editor’s note: The “Four Basic Principles” to be upheld are: the socialist road; the dictatorship of the proletariat; Communist party leadership; and the leading role of “Marxism-Leninism-Mao Zedong thought.”



cal reform would necessarily present a threat to the vested interests of the bureaucracy. As the representative of that group, Deng had already shown by the mid-1980s that he had no interest in pursuing even the most elementary political reforms; without political reforms to improve government efficiency and credibility (and stem official corruption), his economic reforms were inevitably weakened and compromised.

All this culminated in the Tiananmen movement of 1989.

Deng resorted to military force to suppress the pro-democracy movement in Tiananmen Square in order to preserve the Chinese Communist regime. The June 4 massacre and the massive purge that followed badly hurt the forces of democracy, but Deng's own power and prestige, the reforms he had promoted, and the regime itself were also grievously wounded.

In the four years since 1989, the reform process of the previous decade has been almost completely repeated, only faster and more intensely. In many ways China has come full circle, and has returned to the conditions prevailing on the eve of the 1989 pro-democracy movement.

Corruption among party officials is now much more serious. In 1990, cases of bribery and graft were double what they were in 1989, and these abuses of power have become open and systematic (in the routine operations of party and government organs, fixed prices have been set for various categories of bribes). Cadres at various levels, their children, and people with powerful connections are recklessly plundering the nation's wealth and resources, becoming millionaires or billionaires through trading in stocks or real estate.

China's economy has certainly undergone rapid growth, mainly in the coastal regions, but at a heavy cost. Income gaps have widened alarmingly between the urban rich and poor, between the cities and the countryside, and between coastal and inland regions. In particular, the declining incomes and increasing burdens (including exorbitant taxes, forced contributions, and fines or other forms of punishment) afflicting several hundred million peasants are causing a growing number to resort to violence, which frightens the party Central Committee out of its wits. At the same time, tens of millions of workers at state-run enterprises are facing the threat of unemployment as state-owned enterprises become increasingly uncompetitive and economically irrelevant.

In order to pander to Deng's decrees and in the desire for private gain, bureaucrats throughout China have blindly increased investments without considering the economic impact; at the same time, most state-run enterprises continue to operate at a loss. The result has been a skyrocketing fiscal deficit and the printing of far more money in far greater quantities than planned. Inflation has reached a new peak; many urban residents are panic-buying goods and materials, and a large num-

ber of local banks have been forced to suspend operations because of runs on their deposits. These conditions are almost identical to those in 1988—especially the high inflation, which was a direct cause of the 1989 Tiananmen movement.

China has once again reached a crossroads.

## A FIFTH ASIAN TIGER?

A peaceful and gradual transition to democracy is still possible in China, and this is what the majority of Chinese hope for. But the death of Deng Xiaoping (generally expected in the next year or two) may remove a major source of China's stability while simultaneously stirring up other forces of destabilization. In 1992, Deng stripped General Yang Shangkun and his half brother Yang Baibing of their influential positions on the party's Central Military Commission, and carried out the most extensive purge of the armed forces since 1949; the resultant dissatisfaction in the military could lead to real problems after Deng's death.

A full-scale civil war does not appear likely. Regional differences in development and local conditions mean that change in China will take place differently in each province and region. Prospects for peaceful change are better in the coastal areas, while varying degrees of disorder appear inevitable in inland areas. In fact, two rebellious outbreaks at the county-seat level have already occurred this year; one, in Sichuan province, involved an estimated 10,000 disgruntled farmers, who stoned members of the People's Armed Police.

It is an illusion to think that China can become another Singapore or Taiwan by relying solely on economic growth without political reform and democratization. Those who cling to this illusion ignore two important facts about China:

First, mainland Chinese are different from Chinese living outside the country; more than 40 years of Communist rule have cut them off from Chinese cultural traditions. Mao successfully wiped out the sources of authority that traditionally maintained stability in China and replaced them with the party as the sole authority; that sole authority has now vanished as well. Today the only sources of authority in the minds of the mainland Chinese are their own personal instincts and desires.

At the same time, the Chinese Communists also wiped out social morality and religion, destroyed education, and left the law so compromised that it no longer commands respect. Thus there are neither internal nor external restrictions on the people's behavior. The corruption of party and government officials is driving the corruption of the entire society.

For more than 40 years, Mao pushed the Chinese people toward awakening through actions aimed at creating the opposite effect. Twice he pushed them into hopeless impasses (the 1959–1961 famine and the Cultural Revolution). He stripped them of their freedoms, stifled their hopes, and gave them no choice but to be-

come the party's "docile tools." But precisely because he did his job only too well, the Chinese people have finally awakened from their sleep of several thousand years and realize that they are human beings with a right to defend their individual freedoms and interests and to strive for their individual development. Deng's reforms have further loosened the bonds imposed on the individual.

This is why Chinese society now has such abundant energy, though this energy can be a constructive force or a frighteningly destructive one. The people no longer abjectly obey anyone who tramples on them, which is an enormous and historic step forward. Some Chinese officials complain that the Chinese have become "people of cunning and violence"; this makes a certain amount of sense, in that the people are much smarter now, and much braver. Such Chinese would never accept the kind of autocratic leadership practiced by Singapore's Prime Minister Lee Kuan Yew, nor would they submit to Singapore's coercive social system.

The second major factor that must be kept in mind about China is that Taiwan, Singapore, and Hong Kong do not have anything remotely comparable to mainland China's enormous Communist bureaucracy and its total monopoly on the nation's economy and resources. The Communists' rapaciousness and unrestricted political power, combined with the mutual protection provided by networks of personal connections throughout this bureaucracy, result in criminal behavior that generally goes unpunished.

## WHAT CHINA NEEDS

That the Chinese people have tolerated the rule of a bureaucratic clique since 1989 is partly due to the enormous political pressure it exerts, and partly to the improvements in the people's material well-being during this period. In addition, despite the lack of political freedom, the regime does not generally interfere in people's private lives; in the economic and cultural spheres at least, the scope of individual "liberty" has expanded. In contrast to Mao, Deng has allowed people's lives to become a bit richer, and has also permitted them to be a little happier. A capable person in China now has a much broader range of choices in terms of lifestyles and future prospects. Finally, the social and economic chaos that have followed the Soviet Union's and Eastern Europe's revolutions have led the Chinese to cherish their current stability. Indeed, stability has become Deng's trump card, a card that he uses to intimidate the Chi-

nese people: "If my regime ever falls, China will inevitably fall into chaos and civil war!"

But this impasse is of the Communists' own making. They do not permit an alternative political force to exist legally, or even let people organize themselves for nonpolitical goals; yet their own regime has become so corrupt and incompetent that it cannot even perform the most basic administrative functions.

It will not be long before the people of China see the awful crisis this sort of "stability" is creating for their future. Since 1989 the regime's social control has gradually slackened, which could allow more room for civil society to function for the people's benefit. For the moment, the regime's information blockade prevents people from learning about the struggles carried on elsewhere in China, or gaining an adequate understanding of the regime's current difficulties; they thus have insufficient confidence in their own power to effect change.

But the inevitable power struggles at the top after Deng dies, combined with social disruption brought on by economic crises, will soon force China's intellectuals and the talented people scattered throughout society to realize that they must mobilize themselves, throw off the restrictions imposed by the regime, and organize the people by legal means (based on the civil rights granted to them in China's constitution). This will be necessary in order to defend the rights and interests of the people, satisfy their needs, and protect their personal security and property. The people will have to take over many of the functions that the regime is presently incapable of handling.

This will be a movement by the Chinese people to govern, protect, and save themselves. It is also the only way to re-kindle the people's love for their nation and native land, and change the antisocial psychology and behavior that now results in people venting their hatred of the regime on society at large. (One of the most disastrous consequences of the Communists' total control of China's society and people has been that many Chinese now think of their own country as something belonging to the Communists, and that they themselves have no connection to it.) Moreover, a mass self-salvation movement of this kind would gradually teach the Chinese how to live democratically.

A desirable path such as this would allow China to avoid chaos and would transform the Chinese, not into a "cunning and violent" people, but into a constructive force made up of responsible citizens. ■



“Dealing with China in the near and distant future will not be easy. A system under stress—with weak political institutions, a succession looming, and with dramatically different cultural traditions—will continue to challenge American policymakers. But strong economic ties can limit China’s freedom of movement, even as they limit America’s own. A careful policy that asserts American and global interests can succeed, if the United States is patient and has the will to pursue it.”

## Clinton and China: Creating a Policy Agenda that Works

BY DAVID ZWEIG

In devising a policy toward China, President Bill Clinton’s administration faces a series of important questions. The president’s overall foreign policy goals are relatively clear: promote democracy and freedom worldwide, resuscitate the American economy and America’s international economic strength, and ensure American and global security. But what should be the hierarchy among these issues? Should one issue dominate? Can one pursue all three at the same time and still maximize the national interest?

The end of the cold war has drastically reduced American concerns with military security while increasing those regarding economic issues. Clinton was elected president precisely because he could best articulate the American public’s anxiety about the changing global economic environment. No doubt, he also reflects concerns with human rights and democratization that are deep within the American body politic. But right now, Americans want jobs and a better position in the global marketplace.

And herein lies the problem. Economic growth, particularly trade-based growth, is an interdependent process; without markets for exports, there is no growth, and without imports there is no comparative advantage. If pursuing a foreign policy based on expanding human rights globally undermines access to markets, leads to large increases in the prices Americans pay for goods, and complicates security relations with a major global and regional power, what is a president to do?

The lack of a clear hierarchy is not the only problem confronting a president who must govern in an interdependent world. The tools of his trade, the weapons of statecraft, have changed as well. As he moves into the realm of economic policy, Clinton will rapidly discover that America’s military power is not the key determinant of bilateral policy conflicts, especially those involving economic issues. (If it were, the United States could, for example, use its superior military might to force the Japanese to open their

markets.) In the case of China, the leverage to make it respond to United States concerns is based more on the degree to which China needs access to American markets, investment, and technology. How long it would take China to find new markets and the costs of doing so greatly enhance the leverage the United States has over China.

But can one successfully use economic power to affect another state’s political agenda? Can influence in one area be used to affect outcomes in another? As the president contemplated his decision on whether or not to grant China most favored nation (MFN) status this spring, whether to apply conditions to it, and how to deal with China for the rest of his administration, he found that those issues clouded the horizon. If he withdrew MFN, what would have been the effect on the United States economy? How many American jobs would be lost? What would have been the impact on the price of basic consumer goods? How to calculate the opportunity costs to American businesses—to the economy—if the United States were the only country excluded from competition in the fastest growing economy in the world? Moreover, with the United States trying to legitimize the role of the UN as a regional peacekeeper, could the United States afford bad ties with a rising global power, one that is a permanent member of the Security Council? Yet without threatening China’s economic growth, without using America’s most potent leverage over China—access to the United States market—how could he also press forward his goal of bringing greater freedom to the people of China?

### WHAT DOES THE US WANT FROM CHINA?

America’s agenda toward China is based on what the United States wants from that country. One can start from the assumption that American foreign policy should serve American interests. But what are United States interests in China?

Let us start with the tough ones, human rights and democratization. Many constituencies in the United States, including the president, liberal and conservative members of Congress, human rights groups, Chinese students, and

DAVID ZWEIG is associate professor of international relations, Fletcher School of Law and Diplomacy, Tufts University.

perhaps many average American citizens, are particularly exercised by the human rights abuses, mistreatment of prisoners, repression in Tibet, and arrests of political activists that continue to occur in China. But why do Americans care whether China turns democratic and throws off its Communist mantle? First, a democratic China would ensure the same high standard of human rights for its citizens that Americans have. It is a fundamental belief among Americans that the Chinese should have the right to speak their minds on political issues without fear of incarceration. Second, because democracies have internal restraints on military expansion, it is assumed that a democratic China would be a peaceful China, which would help guarantee the security of China's neighbors and the United States. Third, it is assumed that a democratic China would be more stable politically, easier to negotiate with, and more likely to fulfill its global commitments on issues such as arms control and nonproliferation, environmental degradation, and population control.

While some of these assumptions are questionable—could a democratic China stem the rapid growth of the country's population?—we must still ask a basic question: how fast do we want change to occur in China? And what are the risks involved in pushing for rapid change? Some members of the United States Congress believe that the collapse of the Chinese Communist party will lead to a democratic alternative. However, the most likely scenario would be a takeover by a Chinese military no longer constrained by a Communist party. This could be even more destabilizing for the region, since there would be little internal opposition to further expansion of the military budget. One of paramount leader Deng Xiaoping's greatest contributions to regional stability in the 1980s was the demilitarization of Chinese society and China's foreign policy. Only in the wake of Tiananmen, when the military saved the regime, has it successfully flexed its political muscle to get a larger share of the national budget.<sup>1</sup> The collapse of the party could also exacerbate human rights abuses—witness the cruelty meted out during the post-Tiananmen crackdown to those who were arrested by the martial law troops.

An alternative scenario would be the situation that has emerged in the former Soviet Union. When freedom suddenly explodes without the development of proper political institutions, political chaos is likely. But where will the United States be when China tries to put the pieces of a collapsed system back together? Look how slowly the United States has responded to the needs of the former Soviet republics. Unlike the Soviet Union, which was a direct mil-

itary threat to the United States, China does not directly threaten American security. A collapse leading to chaos may be of less benefit to the United States than such an outcome was in the former Soviet Union. Collapse and disorder could trigger a massive flow of refugees into Hong Kong, or a new stream of boat people onto the shores of Japan, South Korea, and Taiwan. While Deng has raised this fear to frighten the world into not pressing China for political reform, one cannot underestimate the costs to all of East Asia if internal chaos in China demolishes the floodgates controlling more than 1 billion people.

Yet, if the United States does not press the Chinese to adopt democratic institutions for China's own benefit, China will continue its cycle of liberalizations and crack-downs, which alienate the population and undermine economic growth. Without strong popular institutions, China's leaders increase the possibility of chaos when the political system does weaken further, which it eventually will. No doubt, rapid economic growth and expanding income inequality are placing great pressures on the Chinese system. But what type of system can best handle these strains? While Westerners believe democratic institutions are the solution, the examples of Singapore, Taiwan, and South Korea lead many Chinese to believe in the utility of a "new authoritarianism" that would maintain stability as the country goes through its rapid growing pains. (In fact, one more decade of political authoritarianism and rapid economic growth may be the perfect formula for the emergence of a moderately wealthy, politically modern Chinese state.)

But the 1980s also shows that without stable, reliable institutions through which people can express their concerns about official corruption, unequal development, and fears of inflation, the Chinese people, especially students, will take to the streets and subvert political stability. It is therefore in everyone's interests to press the Chinese government to gradually create real institutions for the democratic expression of popular concerns.

## THE UNITED STATES ECONOMIC AGENDA WITH CHINA

In Bill Clinton's search for a formula to reinvigorate the United States economy in the short term and strengthen its underlying qualities in the long term, China will be an important element. The United States has become more export-oriented, in search of new international markets. Since China will become the fastest growing market in the world in the next 20 years, United States firms must be able to sell their goods there. Bilateral trade has expanded dramatically; by 1992 China was America's ninth-largest trading partner. Trade soared last year, with the United States exporting \$7.5 billion to China, and China exporting \$25.7 billion to the United States. China's direct exports to the United States account for 9.2 percent of total Chinese exports, a figure that continues to grow.

As the quality of China's work force improves, American firms must consider offshore production in China a necessary part of their Asian economic development strate-

<sup>1</sup>It is also important to remember that the Persian Gulf War, with its display of American military technology, heightened the Chinese military's awareness of the great technical gap between it and the Western militaries. Some of the growth in defense spending must be seen as a response to these concerns for national security, rather than simply seen as reflecting Chinese expansionist tendencies.



gies. However, the president's agenda of increasing jobs at home may run counter to such strategies. But as more and more of America's competitors for market share in East Asia use China's labor force to produce higher quality products at relatively low prices, American firms will have to follow suit. Even the president's desire to increase the number of higher value added and high-tech jobs at home runs counter to market forces that will pull United States producers of technological products into China.<sup>2</sup>

The United States also needs cheap Chinese exports to keep the price of its own goods down. Personal income in the United States is declining as more and more people shift from higher paying manufacturing jobs to lower paying service sector jobs. But lower salaries need not lead to a lower standard of living if the costs of Chinese-made household appliances decline as well.

But the United States also wants fair trade with China. While it imports billions of dollars of Chinese goods, the United States also wants access to China's more than 1 billion consumers. The Commerce Department and the United States trade representative pushed the Chinese to sign a Memorandum of Understanding (MOU) on market access last October, which will greatly reduce tariff barriers on hundreds of goods.

Other obstacles remain, however, including protecting American copyrights and intellectual property. American trade unions also want an end to prison labor exports to the United States, which contravene United States trade laws such as Section 307 of the 1930 Tariff Act. These latter issues loom as potential points of confrontation in the trade realm.

## THE INTERNATIONAL AGENDA WITH CHINA

A broad set of global issues also shape United States policy toward China. At the top of this list is the desire that China stop selling long- and medium-range missiles to countries in unstable regions and to enemies of American allies, such as Syria. China, which has agreed to abide by the Missile Technology Control Regime (MTCR), has a moral obligation to restrict its missile sales. The United States would like China to be far more circumspect in transferring nuclear technology, especially to countries, such as Iran and Algeria, that are trying to build nuclear weapons, and it desperately wants the Chinese not to employ mili-

<sup>2</sup>It is estimated that there are at least 50,000 highly talented software engineers in China; Taiwanese and Japanese firms have already begun to forge close links with Chinese software firms. If American businesses do not employ some of them to produce American brands of software, they will not remain competitive.

<sup>3</sup>For a strident but challenging argument that China's military does present a real threat, see Ross H. Munro, "Awakening Dragon: The Real Danger in Asia Is from China," *Policy Review*, Fall 1992. For a less alarming view of China's rising power, see Barber Conable and M. David Lampton, "China: The Coming Power," *Foreign Affairs*, Winter 1992.

## US Trade with China

1980-1992  
(In Millions of Dollars)

Year	Exports	Imports	Balance
1980	3,749	1,058	+2,691
1981	3,599	1,895	+1,704
1982	2,905	2,284	+621
1983	2,163	2,244	-81
1984	2,989	3,065	-76
1985	3,796	3,862	-66
1986	3,105	4,771	-1,666
1987	3,488	6,294	-2,806
1988	5,033	8,512	-3,479
1989	5,807	11,989	-6,182
1990	4,807	15,224	-10,417
1991	6,287	18,976	-12,689
1992	7,470	25,676	-18,206

Source: International Trade Administration, US Department of Commerce.

tary measures to resolve its territorial claim on Taiwan. For decades Taiwan has been a divisive issue in American politics; should the People's Republic resort to force, the United States would find itself in a situation where it might have to intervene.

For financial reasons, the United States hopes that Britain will successfully transfer sovereignty over Hong Kong to China in 1997 and that China will not destabilize the Hong Kong economy. The United States has over 60,000 expatriates living in Hong Kong and is the colony's third-largest investor, after China and Japan. As a measure of its concern, the United States Congress has passed legislation calling on China to resolve the transfer of sovereignty in a prudent manner. Under the 1992 United States-Hong Kong Policy Act, the secretary of state is to monitor Hong Kong's democratic institutions, while the president is to ensure that they function autonomously after China takes over.

On issues of East Asian security, the United States needs high-level Chinese cooperation if any kind of regional arrangement is to be built. Unless there is international cooperation in East Asia, a new era of nationalism will emerge. And President Clinton may see a regional security arrangement as one way to decrease American military obligations in East Asia, which are a drain on the economy.

As the United States contemplates building this East Asian security system, it must deal with a "rising China," whose economy is growing rapidly and whose military is in a stronger position domestically than at any time since 1971.<sup>3</sup> The rapid growth of China's GNP will put more funds in the hands of the Chinese military. Continuing unresolved territorial claims, such as Hong Kong, Taiwan, and the Spratly and Paracel islands in the South China Sea, require China's enmeshment in a host of multilateral agreements that will limit its external actions and ensure responsible behavior. China, however, is likely to resist such efforts. Already, the perception of Chinese military expan-

# CHINA'S TERRITORIAL DISPUTES

## WITH TAIWAN

After the Communists' victory in the Chinese civil war, the Kuomintang government fled the mainland, along with more than 1.5 million refugees (including about 750,000 troops), and in December 1949 established itself on the island of Formosa (Taiwan). The Taiwanese government claims to be the legitimate government of China; therefore, the 99.7 percent of Chinese territory under the control of the People's Republic is in dispute. From China's viewpoint, Taiwan and the islands it still controls are part of its territory under a hostile foreign government. Over the decades China has threatened to invade Taiwan if it declares independence. Since 1981, China has floated several proposals for a peaceful reunification.

## WITH BHUTAN

The approximately 300-mile-long border between the Kingdom of Bhutan and China's autonomous region of Tibet has never been formally delimited. Bhutan holds that the border is clearly defined by geographical features and needs only to be demarcated. China, however, maintains that there are small discrepancies between the two countries' maps, requiring negotiation. Rounds of talks were held between 1958 and 1989, with India sometimes negotiating for Bhutan.

## WITH INDIA

Much of what India calls Arunachal Pradesh state (the North-East Frontier Agency under the British Empire) has been claimed by China, acting on older claims by Tibet. After India gained independence in 1947, it placed under Indian administrative control the eastern Himalayan lands south of the so-called McMahon Line, which had supposedly been agreed to by Britain, China, and Tibet at a 1913-1914 conference in Simla. In 1986 the Indian Parliament recognized Arunachal Pradesh as a state. Border clashes since 1959 have resulted in casualties among Indian and Chinese troops. The border between Jammu-Kashmir state and Tibet and Xinjiang Autonomous Regions in western China, including the Ladakh frontier, has also been the subject of a major dispute between China and India. China gained control of the 1,400-square-mile Aksai Chin plateau in 1950; since 1962 the area has been generally peaceful.

India protested the demarcation of the China-Pakistan border under an agreement signed by those two countries in 1963, asserting the area of Kashmir that Pakistan claimed to control was in fact part of the Indian Union. Since then, two highways have been built connecting Kashmir with Xinjiang; India has protested the construction of the highways.

## WITH THE FORMER SOVIET UNION

The border separating Manchuria from eastern Siberia, and the western Chinese border with Kazakhstan, Kyrgyzstan, and Tajikistan have been under dispute since 1963, when relations between the Soviet Union and China became frayed. Serious fighting took place in the late 1960s in the disputed Ussuri Islands, north of Vladivostok, and along the Siberian-Manchurian border. Japanese military sources in the early 1980s put troop strengths along the

frontier at 450,000 for the Soviet Union and 1.5 million for China. On May 16, 1991, China and the Soviet Union signed an agreement on the demarcation of the eastern segment of the border, the details of which were not publicized. Recently Russia acknowledged Chinese sovereignty over Damansky Island, which is one of the Ussuris.

## WITH VIETNAM

The border between China and Vietnam was officially delineated in a convention between representatives of the French government and the Qing empire in 1887 and modified in 1895. Vietnam has contested this delineation and in 1979 alleged that in the years after 1954, China had taken advantage of Vietnam's civil war and illegally manipulated border markings and initiated Chinese settlement in traditionally Vietnamese territory. On February 17, 1979, China invaded Vietnam along the entire length of the frontier in retaliation for Vietnam's invasion of Kampuchea (Cambodia). Negotiations between Vietnam and China began on April 18, 1979, after China agreed to withdraw its troops from the Vietnamese side of the "historic borderline," but ended later that year without any progress having been made. The most serious fighting since 1979 took place January 5-7, 1987.

China has signed contracts with foreign firms to explore for oil in the Gulf of Tonkin, which it shares with Vietnam. At talks on land and sea boundaries in the late 1970s, China maintained that the land borders should be demarcated first; no agreement was reached and the question of sea borders remains unresolved.

China has reportedly signed contracts with companies that want to prospect for oil off the Paracel Islands, located east of Vietnam in the South China Sea. China claims to have exercised sovereignty over the islands for 1,000 years. China rejected Vietnam's proposals for talks in the 1980s, but has recently been more willing to discuss the issue.

## WITH VIETNAM, THE PHILIPPINES, MALAYSIA, BRUNEI, AND TAIWAN

These nations have all laid claim, either in whole or part, to the Spratly Islands in the South China Sea; currently, each of the claimants (except Brunei) has occupied and fortified at least two islands. Oil reserves were discovered midway between the Spratlys and the Philippines' Palawan province in 1975 and have been developed by the Philippines. The Philippines staked its claim to the islands, based on proximity and administrative control, in 1956, and in 1979 confined the claim to the seven islands on which it had stationed troops. In January 1988 China landed troops on two reefs in the Spratlys; in March of that year, near Chigua Reef, Chinese units clashed with forces sent by Vietnam, which also wants to exploit the continental shelf oil; several Vietnamese were killed, and three Vietnamese ships were sunk or damaged. The navies of the two countries have had several other engagements in the area. In June 1992 China signed an oil exploration contract with a US firm to explore for oil in a 9,700 square mile area of the South China Sea; China said it would provide naval backing for the operation. ■



sionism has alarmed China's neighbors, particularly the members of the Association of Southeast Asian Nations (ASEAN) and Japan, and could fuel a growing arms race in the region, which is not in America's interests.<sup>4</sup>

Similarly, the United States needs Chinese support for resolving many global crises, including the war in Yugoslavia, the tenuous Cambodian peace accords, and the ongoing nuclear threat on the Korean peninsula. With its seat in the United Nations, China has a great deal of power over the UN's development into a multilateral peacekeeping force and over the Security Council's ability to become a real center for negotiating solutions to crises. On North Korea, China is seen as the only state that has direct access to top Korean leaders. While the United States may also wield great leverage over North Korea, a united strategy may be the only way to ensure a nuclear-free Korean peninsula.

The United States also has a strong interest in China's environmental policy. As Douglas Murray has argued in *America's Interests in China's Environment*, China's "ecological problems [are] so severe that they constitute a collective crisis with global consequences and powerful implications for America." According to Murray, helping China avoid the globally harmful effects of its rapid industrialization, rising consumption levels, and relative neglect of its environmental problems would be extremely cost-effective—more so than the investments the United States must make to correct its own. Also, cooperative research involving Chinese facilities and scientific talent would be less costly and more productive than projects based solely in the United States and relying primarily on American scientific know-how. Moreover, investing in cleaning up China's environment means China will become a major market for environmental products—another plus for the United States, since it is a leader in clean energy technologies. Already by 1991, about 20 percent of China's \$200 million in purchases of environmental equipment came from American firms, and the United States is well positioned to participate in contracts funded by the World Bank, United Nations Development Program (UNDP), Global Environmental Facility, and Asian Development Bank.

## WHAT DOES CHINA WANT FROM THE UNITED STATES?

The end of the cold war has diminished the need for the United States to maintain a strategic alliance with China; for China, it means that it no longer needs a security understanding with the United States since the Soviet Union no longer poses a threat to it. Thus, China does not have to make major concessions in its dealings with the United

States. However, less strategic dependence has not translated into a loss of United States leverage over China on other policy issues. Since 1979, China, too, has responded to the increased global salience of economics, and as it presses its agenda of growth and development, it finds itself again vulnerable to United States foreign policy pressures, some of which directly challenge its sovereignty.

Several internal factors in China require it to maintain good relations with the United States. The adoption of an export-oriented industrialization strategy has made China highly vulnerable to shifts in external markets. With over 25 percent of its exports going to the United States, and with markets in Europe and Japan relatively closed, China will have to depend on United States acquiescence in order to maintain its successful growth strategy.

Coastal areas are growing rapidly through community-led, export-oriented strategies. In a desire to bring in joint ventures and gain access to foreign technology and foreign capital (previously available only to state-owned firms), local coastal governments are slowly undermining the government's import substitution strategy and giving foreigners access points to the domestic market. Many coastal villages are becoming home to offshore production for Hong Kong, Taiwanese, and South Korean firms using the cheap labor to maintain their position in the United States market. Should the United States market become closed to Chinese exports, much of this investment would dry up as producers moved to Thailand, Indonesia, or Malaysia.

China also needs access to American technology. The Chinese have discovered that joint ventures with Japan, Taiwan, and Korea bring in little new technology; the United States is perceived to be much more willing than most of China's other trading partners to share relatively new technology. The growth of China's high-tech industries, including computers, space vehicles, and electronics, will require United States technology; moreover, to gain access to it, China will need United States support in lifting Western restrictions on the transfer of "dual use" technology to it. But so long as China does not allow foreigners to compete in China with its high-tech industries or participate in some of its high-tech programs, that technology should not come so easily.

Educational exchanges have been another conduit through which China has received access to American technology. Even though the percentage of overseas students and scholars returning to China has decreased dramatically since the mid-1980s, the Chinese government has chosen to keep the door open for many who want to go abroad and have the funds to do so. The government believes that even if these people do not return immediately, many will eventually do something useful for China. Difficult Sino-American relations would greatly complicate these exchanges.

Another issue that requires China to maintain good ties with the United States is its role in the world community. Branded by the United Nations as an "aggressor" nation for its confrontation with the United States in North Korea in 1950, China suffered for several decades as a pariah nation.

<sup>4</sup>According to some Chinese sources, China's military buildup is aimed at Taiwan, with plans already drawn up for an immediate invasion of Taiwan when it declares independence. A more likely scenario would involve various Chinese threats as Taiwan moved toward independence, ending with a possible attack if Taiwan persists.

Although it moved into many international organizations in the late 1970s, it again faced international opprobrium after crushing the pro-democracy movement in Tiananmen in 1989. China is thus highly sensitive about its international stature and strongly wants to take what it sees as its rightful place near the top of the community of nations.

Two events are high on China's international agenda, and both give the United States some leverage. First, China's entrance into the General Agreement on Tariffs and Trade (GATT) passes through Washington, and the Chinese know it. One of the terms of last fall's MOU on market access was that the United States would work "enthusiastically" for China's entry into GATT. But the recent visit of Assistant United States Trade Representative for GATT Affairs Douglas Newkirk to Beijing, where he said that China would probably not gain access to GATT for at least another 5 to 7 years, created great consternation in the Chinese government. Linking criticism of China's restrictive trading practices and its ability to gain entrance into GATT is one way for the United States to press China to further lower its tariff barriers.

China also strongly desires to host the Olympics in the year 2000. Billboards throughout Beijing exhort the people to present a good face in order not to undermine China's chances of being the site of the Olympics. While the United States has no veto in the International Olympic Committee, American pressure against China's hosting the Olympics could be problematic.

Finally, while the Chinese would never admit that they need help in solving an issue deemed an "internal affair," they do need the United States to maintain its "One China Policy," and its pressure on Taiwan not to seek independence. Recent conferences by China scholars and presentations before congressional hearings have called on the people of Taiwan to remain patient. For China, a declaration of independence by Taiwan would be the worst possible scenario; the inevitable use of military force would, at the very least, scuttle the current economic boom.

## PURSUING THE FOREIGN POLICY AGENDA

While the United States needs to confront China directly on an array of critical issues, American political leaders must not jettison the relationship because China pursues its own interests in a manner that challenges world trends. They must confront that behavior and work to affect it. The best strategy for the Clinton administration is a mixed strategy that combines efforts at strategic enmeshment; continued economic, cultural, and political involvement, which will allow the United States to benefit from the "open door" China cannot afford to close; and direct confrontations on human rights, arms sales, unfair trade, and nuclear proliferation when China's actions are inimical to United States global and national interests. The "easier" partner of the mid-1980s is gone for now, but one should not assume that a mix of quiet diplomacy, public protestations, and hard negotiations cannot gain results.

As has been noted, China's trade dependency on the

United States market leaves China highly vulnerable to American trade pressures. If China lost access to the United States market, its economic boom, particularly in south China, would stumble badly. No other market of similar proportions exists for its exports. Foreign investment that relies on re-exports to the United States would also decrease. But the degree of vulnerability for both the United States and China varies across policy arenas. The United States has great leverage when directly confronting China over specific economic and trade policies. And United States firms benefit from trade pressures that improve access to the Chinese market. For a president who must worry about jobs, directly challenging China to open its market, using clear guidelines and indicators of compliance, may be a far more effective strategy than a broadside on the trade relationship because of a political agenda. Even Clinton has recognized that the Bush administration's strategy of threatening economic sanctions to gain movement on economic policies, rather than using economic threats for political purposes, has led to significant agreements with China on a host of economic issues, including MOUs on prison labor, intellectual property rights, and market access.

Still, implementation mechanisms and monitoring systems are a problem, since Beijing appears unwilling or unable to enforce these commitments. The United States trade representative must continue to pressure the Chinese to meet agreements they have made under the MOUs. The Voice of America must play a role in informing local officials of the content of these agreements—the Chinese government, it seems, may not fully inform local governments of their obligations under the MOUs—and consular officials must meet with local trade officials and warn them that their export market is at risk if they do not conform to these agreements. The Chinese must be warned that if direct, issue-specific trade negotiations do not open China's markets, lower the trade imbalance, and end trade violations, pressure could build in the United States for widespread trade confrontations. Asia scholar Ross Munro has suggested a trade agreement that would compel China to increase its imports from, or decrease its exports to, the United States whenever China's trade surplus approached a target zone. Such "managed trade" may not be unwelcome by the current United States trade representative.

## CONDITIONAL MFN: THE THIN EDGE OF THE WEDGE

How can the United States push its agenda of improving China's human rights behavior? Was making MFN conditional the right strategy? There are enormous economic costs and political risks in linking MFN to China's human rights behavior. If MFN is ended next year because China does not meet the human rights conditions, China could raise tariffs from the "minimum" category to the "general" category for a host of United States imports and shift to other suppliers from Europe and Japan. The American aircraft industry, producers of chemical fertilizer, exporters of wheat and other grains, and producers of industrial and construc-

tion machinery would suffer most. These four industries comprise much of the \$7.5 billion in imports China bought from the United States in 1992. The United States-China Business Council estimates that ending MFN would cost 100,000 United States jobs, a difficult pill to swallow for a president who has made employment expansion "job one." Hong Kong, as Governor Christopher Patten told the president, would suffer badly, since many of its products exported to the United States are now produced in mainland China and would therefore face much stiffer tariffs in the United States market. Similarly, many Taiwanese and Korean firms producing offshore on the Chinese mainland would be forced to relocate to other parts of Southeast Asia.

Second, few in the United States business community support linking trade policies and human rights. This community believes that expanding business is a liberating force in itself. Moreover, the examples of Taiwan and South Korea suggest that economic development and the creation of free markets help generate support for democratic transitions. One potential fallacy in this argument, however, is the assumption that economic development inevitably leads to the creation of an autonomous middle class, which then presses the state for political liberalization. In China, where private property rights are still unclear, much of the economic growth is due to local government industrialization, which may weaken the central state's control over the localities, but need not generate a middle class, as it has in South Korea and Taiwan.

Third, jeopardizing trade relations for improvements in Chinese domestic behavior is risky. By making MFN conditional, the president will be in a bind next year not to appear weak on human rights: unless China makes very significant progress, it will be hard for him to certify that it has. This fact will shift the debate to whether or not to withdraw MFN. The political stakes and pressures at that time will dwarf anything we have seen to date in the recurrent discussions on MFN. Also, given the current pace of economic growth, the problems in rural China, and growing inequalities and corruption, major protests could reemerge in the next 12 months. China will meet that challenge forcefully, and if necessary with brutality. No doubt, massive arrests of peaceful demonstrators and secret executions of labor activists, as in 1989, would and should not be tolerated; but should we condemn China for trying to maintain some semblance of social order as it undergoes this historic growth spurt? And tying MFN to China's domestic behavior, rather than to external acts such as arms sales which the central government should be able to control, puts the initiative in the hands of people who want to see

MFN taken away. One might anticipate massive riots in Tibet next spring as young monks become aware that triggering a military crackdown in Tibet will force the president's hand to end MFN.

Fourth, despite the president's desire to preserve Sino-American ties, conditional MFN will undermine bilateral business relations. In the eyes of businessmen in both China and the United States, conditional MFN may have been the first step down the slippery slope of taking away MFN, given that next year's debate will not be about imposing conditions but instead will focus on whether or not to remove MFN altogether. So conditional MFN dramatically increases the risk for Americans of doing business in China. Similarly, Chinese businessmen may hesitate to establish joint ventures with American firms, now that the United States administration is one step closer to canceling MFN. Two years ago, an American businesswoman could not get the best silk producer in Nantong to meet with her; he felt that the possible withdrawal of MFN made working with American firms too risky. Today many Chinese firms must perceive the risks to be even higher.

It is continued economic engagement that keeps China trapped in its tango with the United States. Without access to the United States market, China could not grow as rapidly as it has, but without that engagement the United States would have less leverage over China's internal affairs. While threatening to withdraw MFN may appear to be the best tool, doing so will undermine the leverage the United States has over China. But because of the linkage between economic growth and the United States market, China cannot disengage from the United States, even as the United States presses China on human rights, democratization, and arms control. Moreover, continued economic expansion will allow for the slow emergence of social forces—the civil society—that may eventually lead to a democratic transition. External pressure can create the context within which liberalization will occur; but unless society is ripe, as it was in South Korea in 1988 when hosting the Olympics prevented the Korean military from cracking down on popular protests, it cannot be the critical force triggering democratic change.<sup>5</sup>

Moreover, prodding China to release political prisoners and build democratic institutions is far short of making human rights the pillar of United States policy toward China. In the current context, where American popular opinion, presidential views, and congressional concerns so strongly favor democratization in China, support for a "peaceful evolution" of the Chinese political system seems the most appropriate public policy. According to a recent suggestion from the Atlantic Council and the National Committee on United States-China Relations, a bilateral human rights commission may be one useful forum for a "quiet dialogue on human rights at senior levels." The United States government should also press China in many multilateral forums, such as the UN Human Rights Commission, to improve its human rights record. It should use the Voice of America as a tool to help Chinese understand

<sup>5</sup>Another mistaken belief in the United States is that China was on the verge of a democratic transition in 1989; one need only recall the numerous predictions after June 4 that the system was about to collapse. Even now there is no real opposition force in China that could step in and govern. Today many Chinese look back with some relief that the students did not take power in 1989.



the outside world. It must engage government officials and Chinese research scholars in a debate about the benefits of democratization, and the opportunities that exist for peaceful transitions that leave ruling parties in power—noting that this has been the outcome in Taiwan and South Korea. But Americans must also make it clear that they call for liberalization in order to avoid the breakdown of political authority in China, not to trigger it. Given China's experience of the past 90 years, few Chinese, outside a sector of intellectuals and working class activists, support foreign efforts to destabilize their country. A gentler, less corrupt and more equitable system, with rising incomes would satisfy most Chinese today.

## AN ALTERNATIVE SCENARIO

Despite the important constraints imposed on United States China policy, events may not follow the logic dictated by this theory for several reasons. First, ideological commitment to human rights by the president, plus his need to maintain strong ties to his party's liberal wing, led him to favor conditional MFN. But using an executive order warning China about its human rights and arms proliferation abuses to replace congressional legislation conditioning MFN has created the perception that this is a declaratory policy with too few teeth for a president who sharply criticized the former administration on its policy, and who needs the support of Congress for his domestic agenda. Second, China's own behavior, especially its inability to abide by its pledges and legal commitments not to sell intermediate-range missiles, fuels the furor in Washington against China. Third, the inconsistency between United States political and economic ties with China complicates the relationship. In the past the two were always in balance: in the 1950s the United States and China hated each other and had no trade; in the 1970s the two nations were cautiously interactive both politically and economically; the mid-1980s saw the heyday of political, military and economic ties. But since Tiananmen, political ties have remained at best cool, while economic ties have heated up. But American foreign policy often struggles with such dissonance; efforts by politicians to bridge this moral and economic gap will

cause them to restrict economic ties.

On the Taiwan issue, the administration must recognize that despite the numerous Sino-American confrontations since the 1950s centering on Taiwan, Americans have consistently underestimated the importance of Taiwan to the Chinese government. Despite an apparent amelioration in relations with Taiwan, the Chinese government will not tolerate an independent Taiwan; and if an invasion follows a declaration of independence, the United States will be forced to confront the Chinese militarily. Thus, while it asserts that it has no position on this "internal affair" between the Chinese, the real challenge for the United States will come if Taiwan proclaims its independence.

Finally, if we are to arrest China's possible expansion into the South China Sea, work for a peaceful solution to the Taiwan issue, prevent a Sino-Japanese arms race, and establish some kind of security arrangement in East Asia, the United States must be involved in direct talks with the Chinese military. The Chinese cannot dismiss American and Asian concerns about an expanding Chinese military by innocent protestations of misunderstanding. China's "peaceful" and "just" foreign policy positions (as the Chinese call them) are not apparent to all. Serious concerns are emerging about Chinese great power aspirations, and until China responds to those issues through greater openness, there should be no lifting of the sales embargo on "dual use" technology. An engaged United States policy, which tries to enmesh the Chinese military in a stronger bilateral or preferably multilateral security arrangement, rather than one that seeks to dismantle China's Communist system, will garner strong support from America's Asian friends.

Dealing with China in the near and distant future will not be easy. A system under stress—with weak political institutions, a succession looming, and with dramatically different cultural traditions—will continue to challenge American policymakers. But strong economic ties can limit China's freedom of movement, even as they limit America's own. A careful policy that asserts American and global interests can succeed, if the United States is patient and has the will to pursue it. ■

"China today is, paradoxically, experiencing growth and decay simultaneously. Economic growth is causing social and political decay. The country's spectacular economic expansion has brought ordinary people across this vast land professional opportunities and a quality of life unprecedented in Chinese history. To be sure, the party deserves credit for this dramatic development and derives some measure of legitimacy from it, but the manifestations of the economic reform begun in 1978 are undermining its rule."

## Losing Control: The Erosion of State Authority in China

BY DAVID SHAMBAUGH

When the Chinese Communist party came to power in 1949, it created a variety of mechanisms to ensure its political hegemony over society. These included a national economic planning, production, and distribution apparatus; the work unit (*danwei*) system for urban Chinese and communalized agriculture in the countryside; the residence permit (*hukou*) system to restrict the internal movements of the population; neighborhood and street residence committees to monitor all aspects of daily life; an Orwellian propaganda machine to enforce ideological conformity and exercise control over the media; a draconian network of labor camps and prisons; and a comprehensive public security apparatus, special paramilitary forces, and the world's largest standing army.

By the mid-1950s the party's control had been effectively extended over the nation, and "socialist transformation" accomplished. Nascent civil society was co-opted or suppressed, and deviation and dissent were sternly dealt with. The totalistic "party-state" had been created. For a time the party's coercive authority was augmented by the legitimacy derived from its defeat of the Kuomintang and its program for recovery and renewal. Restoring China's territorial integrity, economic vigor, social dignity, and due influence in international affairs strengthened the party's authority.

### LOST AUTHORITY

In the eyes of the populace, however, the party-state's authority declined over time as a result of costly policy blunders and punitive campaigns targeted at virtually every sector of the population. More than four decades later, and four years after the military crackdown in Tiananmen Square, the authority of the party-state is weaker than ever. But now the control mechanisms that once served the party so well have also atrophied considerably. The irony is that some of the processes that have caused the erosion of state authority are actually the product of policies intended to strengthen the party-state and ensure its hold on power.

What are the reasons for the erosion of the Chinese party-state's authority? As I will show, China today is, paradoxically, experiencing growth and decay simultaneously. Economic growth is causing social and political decay. The country's spectacular economic expansion has brought ordinary people across this vast land professional opportunities and a quality of life unprecedented in Chinese history. To be sure, the party deserves credit for this dramatic development and derives some measure of legitimacy from it, but the manifestations of the economic reform begun in 1978 are undermining its rule.

### THE DIMENSIONS OF THE AUTHORITY CRISIS

The crisis of authority begins at the top of the hierarchy. Despite recent personnel changes to shore up the leadership, the political elite today are an unimpressive lot—generally lacking stature, charisma, vision, or legitimacy, and are incapable of even commanding respect. They certainly do not have a popular mandate to rule. Public opinion polls reveal apathy toward and ignorance about the central leadership; many people cannot even name the party general secretary or members of the ruling Politburo. In one extreme case in rural Guizhou province, respondents reportedly did not know Mao was dead and that the Cultural Revolution had ended!

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DAVID SHAMBAUGH is senior lecturer in Chinese politics at the School of Oriental and African Studies, University of London, and editor of *The China Quarterly*. He is the author of *Beautiful Imperialist: China Perceives America, 1972–1990* (Princeton, N. J.: Princeton University Press, 1991), a contributing editor of *American Studies of Contemporary China* (Armonk, N. Y.: M. E. Sharpe, 1993), and contributing coeditor with Thomas Robinson of *Chinese Foreign Policy: Theory and Practice* (Oxford: Oxford University Press, 1993).

The leadership does not have a coherent vision for the nation's future or a plan to solve its myriad problems, reacting instead to developments in an ad hoc fashion. It may rule (tenuously), but it does not govern effectively. The government has not confronted many pressing issues, taking refuge in meaningless rhetoric. Its program is an amalgam of vague slogans and proposals largely devoid of practical substance or follow-through.

The leadership itself is a carefully balanced group of "third generation" elites, all of whom are beholden to party elders still manipulating policy from backstage (*houtai*). The third generation leaders are divided over issues of policy, power, and privilege; at the same time, they are jockeying for position and survival after paramount leader Deng Xiaoping dies. Their room for maneuver is extremely constricted since the 89-year-old patriarch still dictates the parameters of policy debate and determines who is permitted into the inner circle of power. The result is often policy stalemate; new initiatives are incremental and insufficient for fear of causing factional strife or social instability. And throughout it all the military lurks behind the scenes as the ultimate arbiter and guarantor of party power.

The magnitude of issues confronting the Chinese leadership is indeed daunting; the further down the reform track the leaders go, the more overwhelming the problems become. China has never been a country easily governed. Its sheer territorial sweep and demographic mass ensure that the government is always on the brink of losing control (or believes that it is). Simply providing basic education and health care for 1.17 billion people is no mean feat (let alone collecting taxes). But as economic development proceeds, popular demands that the state address quality of life issues increase.

The state's inability to fashion policies that respond to people's needs is overshadowed only by its inability to enforce those that have been put in place. The old levers of control have been weakened by a combination of regional autonomy, passive resistance, and newly created wealth. Provincial and local authorities have always feigned compliance with Beijing's dictates to some extent while pursuing their own interests, but today they have the financial wherewithal to ignore the center altogether. One consequence is that revenues are not being collected and the central budget deficit is soaring (90.49 billion yuan, or approximately \$16.8 billion, in 1992). Another is that rich local entrepreneurs and enterprises make their own investments irrespective of national economic concerns. Interprovincial protectionism hampers national economic integration, while independent international trading by provincial entities further restricts the center's reach. The de facto result of the emerging economic regionalism has been devolved political power to China's provinces and localities—the single greatest contributor to the erosion of state authority.

The loss of central control has been most telling in fiscal policy. A long-overdue rise in interest rates in May had minimal effect on cash-laden local lending agents. With local savings and investment rates both about 35 percent

of gross domestic product, there is little the central authorities can do to restrict the money supply and credit creation. So the economy continues to careen out of control, with all the attendant dangers for social and political stability.

A nervous population is experiencing the effects of economic overheating, which the government seems incapable of bringing under control. According to the State Statistical Bureau, industrial output for the first five months of 1993 was 27.3 percent higher than during the same period last year, while the output of rural township/village enterprises (TVEs) ballooned 72 percent—the largest quarterly increases since the economic reforms began. The Chinese economic locomotive is barreling down the tracks at dangerously high speeds, risking derailment. This has caused severe shortages of raw materials and transport bottlenecks. It has also resulted in rapidly rising inflation. Although there appears to have been no repeat of the panic buying seen in 1988–1989, retail sales hit a record 109.4 billion yuan (\$19.21 billion) this May, up 27.3 percent over a year earlier, while inflation in the country's 35 largest cities was 19.5 percent higher.

The old comforts of the "iron rice bowl" and "work unit socialism" no longer provide security for China's citizens or the penetrative control capacities of the Leninist state. For better or for worse, social mobility has increased because of rapid economic growth and growing entrepreneurial opportunities—as have income and class disparities, which have reached levels never seen before in the People's Republic. The private sector and its nouveaux riches flaunt their newly gained wealth and wheel and deal in the free-for-all commercial environment. The party has encouraged the development of the private sector, but must bear the price of its autonomy.

## CRIME AND UNREST

In the cities and countryside social order is breaking down under the pressure of economic change. A psychology of greed and ruthless opportunism has taken hold. Both violent and nonviolent crime have risen to unprecedented levels, and the police cannot cope. According to Ren Jianxian, president of the Supreme People's Court, drug trafficking, prostitution, gambling, kidnapping, smuggling, and a variety of economic crimes rose dramatically during 1991, when 130,951 people were arrested for violent crimes. Deputy Minister of Public Security Yu Lei revealed that public security organs investigated 4.77 million cases in 1991, of which more than 2.3 million involved criminal activities. Although more current figures are not available, it is believed the crime rate soared even higher in 1992 and 1993. For example, public security officials claim that 14,000 drug traffickers have been arrested since 1991 (with most being executed for their crimes); the increase comes as southern China has become an important location for the growing, processing, and transshipment of heroin and other narcotics.

An increasing number of crimes are born of raised expectations and social frustration. One worker in Chongqing went on a shooting rampage in his factory after



learning he would not receive a New Year's bonus. Another in Beijing beat to death and dismembered a neighbor's son after being passed over for promotion. Provincial authorities say there has been a dramatic increase in worker unrest and labor-management tension in state factories. Liaoning province reported 276 incidents over a seven-month period in which factory managers and supervisors were beaten by resentful workers, which has led to police protection for senior factory cadres.

Organized crime is also on the rise, particularly triads involved in the drug trade, prostitution, extortion, and smuggling. The triads' ties to Hong Kong, Taiwan, South-east Asia, and North America provide extensive networks for smuggling in and out people, commercial goods, motor vehicles, drugs, weapons, currency, and assorted other items. In southern Guangdong and Fujian provinces, police and border security forces look the other way or even collaborate with triads and local smugglers.

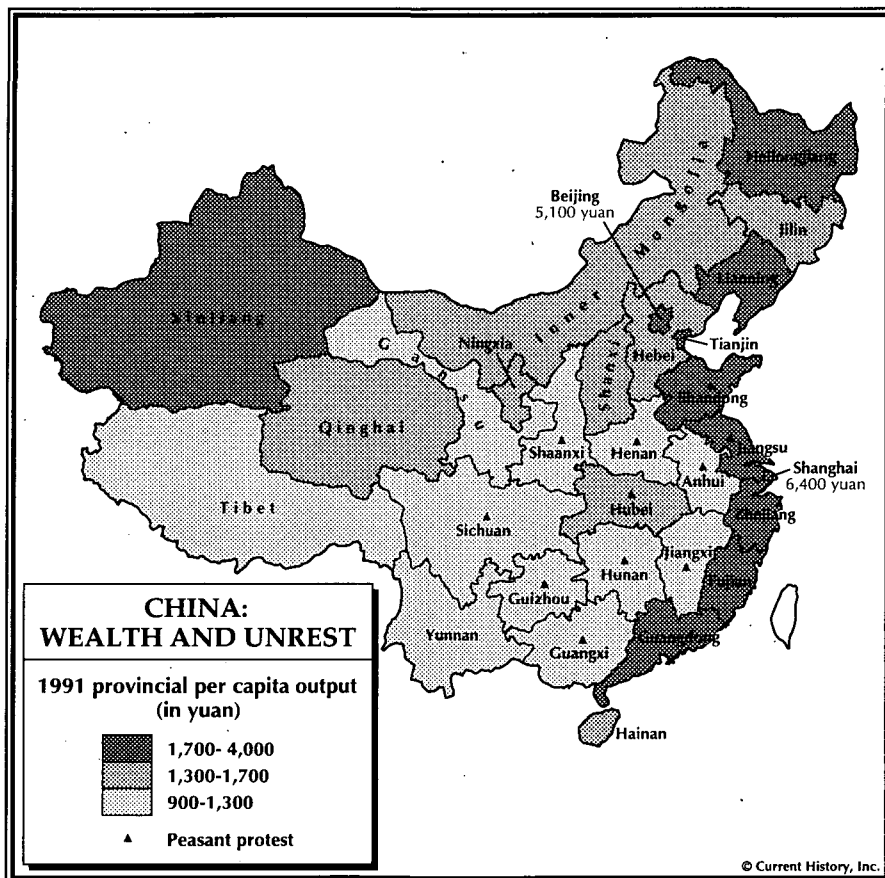
Unrest in rural areas is also on the rise. Fueled by higher taxes and declining remuneration from the state for grain, numerous peasant riots across the country have been reported. In a recent, widely publicized incident in Sichuan's Renshou County, peasants rioted, setting up road blocks, attacking government offices, and kidnapping and abusing local officials. When the People's Armed Police arrived to restore order, officers were stoned by crowds estimated at 10,000 people. The demonstrators were finally dispersed with tear gas.

Despite three consecutive record harvests, agricultural output during the last several years has not grown at rates anywhere near those for other sectors of the economy (3 percent in 1992, as compared with a 19 percent rise in industrial output). Rural incomes are therefore declining relative to inflation and cost of inputs, but even more troubling for farmers are low state procurement prices for grain. Peasant incomes actually dropped by 1.6 percent in 1989, and rose at a meager rate of 1.8 percent in 1991 and 2 per-

cent in 1992. Catalyzing rural discontent is the fact that since 1991 the state has been issuing IOUs to peasants for contracted grain deliveries. According to the *Economic Daily*, by early 1993 unpaid IOUs in the nine main grain-producing provinces had reached 2.75 billion yuan (approximately \$500 million). In many cases, attempts to collect on IOUs have led to peasants storming rural government offices and beating party cadres.

The implications of rising rural discontent are not lost on the central authorities, who are keenly aware of historical precedents. The crisis in the countryside has officials so worried that Prime Minister Li Peng, former Deputy Prime Minister Wan Li, and even Deng Xiaoping are said to have warned that "turmoil" will result "if

agriculture goes wrong." By the admission of Agriculture Minister Liu Zhongyi, the IOU problem is a "chronic disease" that threatens to "rock the very foundation of agriculture." Local tax levies on peasants are also a principal source of the unrest. Trying to ameliorate the situation, the government in late June announced the cancellation of 37 taxes and fees, including "movie watching fees," "toilet improvement fees," "social stability fees," and land



registry taxes.

Social instability is also being created by the disenfranchised floating population (*liudong renkou*). More than 100 million peasants have migrated to coastal and inland cities in search of work. Municipal governments—already hard pressed to relieve the severe housing shortage and provide essential services—cannot cope with this huge influx of rural migrants. Changsha and other cities are now ringed by shantytowns where the destitute migrants live in squalor. Guangzhou reportedly has as many illegal migrants as legal residents (making 4 million of each). The floating population problem is in part caused by the breakdown of the household registration (*hukou*) system—another example of eroding state control.

If the aforementioned challenges to state authority and the social order are not corrosive enough, perhaps the most severe is corruption. Official, institutional, and individual corruption have all reached epidemic proportions. Corruption was a major catalyst for the national demonstrations in 1989, and is the issue most likely to trigger another outbreak of widespread public disaffection with the party-state.

Fighting corruption in China is a losing battle. There is little the security and legal authorities can do to stem the tide, not only because they themselves are often prone to graft, but because it is a phenomenon deeply rooted in Chinese social norms of *guanxi*—the obligatory exchange of favors derived from interpersonal relationships. Low and midlevel officials are particularly prone to corruption because of their control over needed licenses and permissions, rationed materials, tax advantages, travel and educational opportunities, foreign exchange, and other scarce goods and services. For favors rendered officials extract bribes. Corruption among provincial and local officials (including law enforcement officials) presents a criminal problem in itself, but also blunts efforts to crack criminal networks. In an effort to curb official corruption, the party and government repeatedly launch drives to ferret out corrupt cadres in party and state organs. In one such drive during 1990 and 1991, 328,000 party members were disciplined for corruption, including 72,000 who were expelled from the party. Born of traditions of frugality and upright behavior, the party now considers corruption its gravest problem.

Embezzlement of official funds is also on the rise. In the first quarter of this year, the state procurator reported handling 13,700 cases of official corruption and bribery, recovering \$27 million in embezzled funds. One of the most celebrated cases was the Great Wall bond scandal, which was exposed in June. More than 100,000 investors were bilked out of \$175 million in a pyramid scheme that involved the purchase of high-interest bonds in the Great Wall Machinery and Electric Technology Development Corporation. Investors thought they were helping finance the development of a new type of electric generator, but investigators found that much of the money collected could not be traced. Great Wall's manager, Shen Taifu, was arrested trying to flee the country on a false passport; 120 senior officials, including a deputy minister, have been arrested or fired for the roles that they played in the scandal.

In short, China is becoming an increasingly anarchic society. The general decline in state authority and moral community is at the root of the problem, but the erosion of the public security system outside the capital, the opportunities for graft, rising social tensions, and increased access to weapons have all contributed. China's social fabric is fraying. Even the nuclear family is fracturing. Divorces rose nearly 82 percent between 1984 and 1991, according to official statistics.

## THE WITHERING AWAY OF THE PARTY-STATE?

The party is losing its grip on power and eroding from within. Many of the tell-tale signs that spelled the doom of the Kuomintang on the mainland a half-century ago, and more recently have troubled authoritarian regimes across the developing world, are present in China today. The very policies the Chinese Communist party has fashioned to save itself from following its East European and Soviet comrades into the dustbin of history may have staved off its collapse, but they are systematically undermining the party's grip on power.

The erosion of the party-state's authority in China is not, however, a recipe for its imminent collapse or a democratic-inspired revolution. Decay is a gradual process. The instruments of statecraft and control grow progressively blunter, but it takes time. The state's remaining coercive powers have in fact sharpened since Tiananmen, although the intimidating effect lessens in the face of an increasingly confident and wealthy citizenry. Still, history (including China's) is full of examples of illegitimate despots who clung to power for some time through a combination of corruption and coercion. Further, the critical mass of factors that has in recent years produced movement toward democracy across the developing world has yet to coalesce in China—although the ingredients are present.

It has become axiomatic that economic development creates social tensions and political pressures that contribute to the weakening of authoritarian systems. Once under pressure despotic regimes have responded in a variety of ways. In recent years some Asian, African, and Latin American nations have begun to create democratic institutions and more pluralistic polities. More often than not, proto-democracy has come to these nations after lengthy periods of military rule and autocracy under a strongman (a stage from which most Middle Eastern states have yet to emerge). But democracy has begun to blossom because of a combination of factors:

- citizens who were brave enough to challenge the state in the face of coercive and lethal power;
- the creation of a civil society and an institutionalized political opposition that withstood co-optation by the hegemonic state;
- militaries that do not relish the task of ensuring domestic security on behalf of despotic civilian rulers, much less seizing power themselves;
- generational change among the elite, as those schooled in the West come to economic and political power;
- the development of a middle class, with considerable disposable income;
- demands for more meaningful, institutionalized forms of political participation;
- a disdain for official corruption;
- and concern for improved social welfare—housing, health care, environmental conditions, education, human rights, and social services.

To some extent these were also precipitating factors in undermining Communist party rule in Eastern Europe and the former Soviet Union (other indigenous factors were also present in shaping the monumental events in the years between 1989 and 1991), but they have been apparent in helping to shape a variety of budding democracies from Argentina to Taiwan. Some of these factors served as a catalyst for the 1989 Tiananmen demonstrations; yet four years after the state crushed the Tiananmen movement, many of them are still evident—and the Communist leadership is working hard to forestall the coalescence of these phenomena.

## LEARNING FROM THE COLLAPSE OF COMMUNISM

Following the Tiananmen demonstrations, a succession of Communist parties from Albania to Mongolia buckled under popular pressure and internal weakness. Some fell relatively peacefully; others unleashed a reign of terror before collapsing. The Chinese Communist party leadership drew several lessons from this dramatic series of events.

First, the leadership's siege mentality intensified, resulting in a further tightening of party control over the People's Liberation Army and state security organs. China reverted to an Orwellian police state for the 1989–1991 interregnum, with the security services on high alert, martial law continued into early 1990, mass arrests and interrogations, and intensive propaganda.

Second, the leadership felt reconfirmed in its conviction that it had responded appropriately to the demonstrations. To this day party leaders have shown no sign of contrition, and apparently believe that if lethal force had not been used to quell the protests they would have been overthrown; numerous inner-party documents indicate they believed not only the party but the People's Republic itself were in grave danger. Apparently the only regret party leaders had was that force was not used sooner. Had the Eastern European and Soviet Communists responded similarly (employing what East German General Secretary Erich Honecker termed "the Chinese solution"), Chinese Communist party leaders believe their comrades would still be in power.

Third, they concluded that the Eastern European and Soviet authorities had erred in embarking on the path of political reform and in losing control of their armed forces. The party believes that refraining from the former and prohibiting the latter are essential to retaining power. Since 1989 the Chinese military has been subjected to tremendous party pressure aimed at ensuring its absolute loyalty. Nor has there been any movement toward political reform since Tiananmen. Despite the release of some high-profile

dissidents—largely to influence decisions about most favored nation trading status in the United States—many languish in China's vast gulag. Deng and his colleagues have concluded that political reform is out of the question; it is a slippery slope to extinction. Uncompromising and strict political controls are seen as necessary, and these are somehow to be coupled with radical economic reform. Delivering the economic goods to the citizenry is thought vital to the regime's survival. Deng in particular has decided that full stomachs and consumer durables are the surest means of bolstering political legitimacy.

This combination of lessons derived from the collapse of Communist parties elsewhere helped precipitate Deng's famous Southern Sojourn (*nan xun*) early last year.<sup>1</sup> In a single stroke the elderly patriarch's inspection trip to China's Gold Coast and dynamic Special Economic Zones (SEZs) lifted the cloud of repression and austerity that had hung over China after Tiananmen. Deng's tour reignited economic reform with a vengeance.

It also unleashed a new round of elite power struggles. Deng had felt surrounded by disloyal lieutenants who were blocking his attempts to shake off the Tiananmen chill and return to a reformist agenda. The slowness with which senior leaders came to the support of Deng's new initiatives and their further attempts to block them convinced the paramount leader that a housecleaning was in order. The factional strife and maneuvering took place largely behind the scenes throughout the first half of 1992, culminating in the unveiling of a new party leadership at the fourteenth Chinese Communist party congress in October 1992 and the eighth National People's Congress (NPC) this March.

## CHANGING OF THE GUARD

By engineering a series of tradeoffs and exercising his political muscle, Deng won the personnel changes he sought at the two congresses. Key opponents were removed and supporters promoted.

At the party congress, nearly half the Central Committee members and more than half the Politburo were replaced. Turnover was also high in the party Secretariat, Discipline Inspection Commission, and Central Military Commission, while the Central Advisory Commission—a bastion of conservative octogenarians—was abolished.

To engineer the changes he wanted, Deng had to strike compromises. The first was to uphold the judgment that his former heir apparent, Zhao Ziyang, had been guilty of "serious mistakes of judgment and splitting the party" in handling the Tiananmen demonstrations. This officially closed the formal investigation of Zhao, saving the former party general secretary from harsher punishment. But by permitting Zhao to retain his party membership it also left open the slight possibility of his further rehabilitation. Since sacking Zhao in 1989, Deng has personally protected his former protégé from vindictive hard-liners who sought to punish him. Zhao remains under house arrest but is apparently permitted access to government documents and other forms of information, can entertain at home, and even goes

<sup>1</sup>Other reasons for Deng's sojourn and the tour's effects are discussed in David Shambaugh, "Regaining Political Momentum: Deng Strikes Back," *Current History*, September 1992, and Roderick MacFarquhar, "Deng's Last Campaign," *The New York Review of Books*, December 17, 1992.



on the occasional golf outing. But Deng's maneuvering on Zhao also entailed the lengthy incarceration of Zhao's chief secretary, Bao Tong, for "counterrevolutionary crimes," and the removal at the party congress of Zhao cronies Yang Rudai, Rui Xingwen, and Yan Mingfu from the Politburo and Central Committee. Former progressive Culture Minister Wang Meng also lost his Central Committee seat.

In return for this purge of progressives, Deng and the reformers won the removal of ideological hard-liners Wang Renzhi, He Jingzhi, and Gao Di as heads of the Propaganda Department, Ministry of Culture, and *People's Daily*, respectively, as well as arch-conservative Beijing party first secretary Li Ximing.

At the top of the party hierarchy, the so-called "Jiang-Li system," centered on General Secretary Jiang Zemin and Prime Minister Li Peng, was retained. Politburo members Qiao Shi and Li Ruihuan kept their seats after proving an effective duo in the run-up to the congress by whipping up support for Deng's new policies, attacking hard-liners in the propaganda apparatus, orchestrating the congress proceedings, and pushing through the personnel changes. Qiao's support was rewarded, and his power base strengthened, at the NPC when he was appointed chairman of the Congress Standing Committee (thus also making a mockery of Deng's previous policy of "separating party and government").

The clear gainers at the party congress were a series of central technocrats, party apparatchiks, military professionals, and provincial administrators. Most possess reformist credentials, gained from managing China's booming coastal economies. The group of newcomers to the Politburo include several who have worked in the central party apparatus and government ministries. The policy proclivities of this group of apparatchiks and technocrats are thought to coincide rather closely with those of Li Peng and Li Tieying—the two identifiable hard-liners left in the leadership.

Among the new Politburo several were schooled or trained in the former Soviet Union. Most have backgrounds in the heavy industrial or energy sectors. Another characteristic of the new elite is the number who come from Shanghai and the Yangtze Delta region.

On balance, the new leadership is a younger (average age: 56) and more reformist group, but most of its members have weak individual power bases in the system. Many would lack the resources to compete effectively in a fierce battle over a successor to Deng. Among the top civilian elite, Qiao Shi and Li Peng have built up the most solid bases in party and government constituencies. Economic policy czar Zhu Rongji is now moving to consolidate his power base. And no matter what the balance among civilian politicians, the military will prove decisive in the looming succession struggle.

## CONTROLLING THE GUN: POLITICAL POWER AND THE PLA

People's Liberation Army (PLA) professionals also saw their interests significantly advanced at the party congress,

particularly by the elevation of Admiral Liu Huaqing to the Politburo Standing Committee and the reversal of the two-decade-long decline in military representation on the Central Committee. From a peak of 59 percent at the ninth congress in 1969, active-duty PLA representation steadily fell to approximately 19 percent at the thirteenth congress in 1987. With the addition of 17 new military members, PLA representation on the fourteenth Central Committee rose to 23.3 percent. All seven regional military commands are represented, as are the "three general headquarters" (General Staff, Logistics, and Political Departments), and the air force, navy, and strategic nuclear forces.

Of potentially greater importance—and the most surprising and important personnel change to emerge from the party congress and the NPC—was the removal of the "Yang clique" from power. At the NPC, Yang Shangkun was replaced as state president by Jiang Zemin, but at the party congress Yang and his younger half-brother Yang Baibing were divested of all their military positions. Yang Shangkun had been the first vice chairman (and de facto head) of the Central Military Commission (CMC), while Yang Baibing had served as secretary general of the CMC and director of the General Political Department. Both were dropped from the CMC, although Yang Baibing did receive the consolation prize of Politburo status.

In purging the Yangs, Deng Xiaoping bowed to their critics in the armed forces. Since Tiananmen there had been widespread opposition in the PLA to the Yang brothers' grab for power. Deng perceived the Yangs not only to be bidding for more influence inside the military, but to be working to bolster their position in the post-Deng succession struggle. Yang Baibing reportedly convened several secret meetings during September 1992 to plan the succession, possibly masterminding a coup. Furthermore, in his role as the army's chief political commissar, Yang Baibing had subjected the armed services to three years of intensive indoctrination that stressed the military's internal security role at the expense of its national security duties; this campaign—the likes of which had not been seen since the Lin Biao era—had not gone down well among army professionals.

In addition to removing the Yangs, several additions were made to the CMC. Party chief Jiang Zemin remains as chairman, but Admiral Liu Huaqing and former National Defense University commandant General Zhang Zhen were both appointed vice chairmen. General Chi Haotian was also made a member, and was subsequently appointed minister of defense. The commanders of the Jinan, Nanjing, and Lanzhou Military Regions (Zhang Wannian, Yu Yongbo, and Fu Quanyou respectively) were added as members of the Commission. The important position of secretary general of the CMC, responsible for overseeing daily affairs of the Commission and formerly held by Yang Baibing, was not filled. All these appointments increase professional and regional representation in the high command at the expense of political commissars and the Yangs.

Subsequent to the Yangs' removal, Deng's allies moved

to purge the senior ranks of Yang followers and restaff the high command with loyal professionals. The housecleaning has been sweeping, more extensive in fact than the post-Lin Biao purges two decades ago.<sup>2</sup> Nearly 300 generals have thus far been affected, many forcibly retired, others transferred to other departments or parts of the country, and yet others simply purged.

Thus, with the extensive shakeup, Deng has sought to ensure a smoother transition of power following his death, and to return the military to a more professional footing. Removing the Yangs from power and purging their followers does not mean, however, that they no longer have any influence. Patronage networks in China, and particularly in the armed forces, run deep, and it will take a concerted campaign to root out their influence. The PLA unquestionably remains strongly politicized, and it will play a crucial role in elite politics before, during, and after the succession to Deng.

### AGENDA SETTING FROM BELOW

While the aforementioned personnel changes loom large in high politics, what, in the final analysis, is the importance of Politburo personalities in a society where what transpires among the elite is of increasing irrelevance to the average citizen?

China's national agenda is being set not in Beijing but across the country, where millions of Chinese are grasping the entrepreneurial opportunities offered them. It is a delusion of the leadership that it controls the national agenda,

much less the nation. To the contrary, all the leadership can really do is watch processes that are increasingly out of its control and help facilitate the evolution to a market economy and civil society, but in doing so weakening its own authority.

Seen in this light, the significance of the political theater of the fourteenth party congress and eighth NPC may lie precisely in their irrelevance. The two congresses enshrined flowery language about the transition to a "socialist market economy" and the "magic weapon of Comrade Deng Xiaoping's theories," but this was post hoc political rhetoric sanctioning what is already happening across the land. It is meaningful, however, to China's 1.17 billion people, who are finally enjoying the "liberation" promised them in 1949.

The erosion of central control and weakening of the party-state accelerate by the day, leading one to wonder whether the new leadership—however reformist it may be—can remain in power without resorting to coercion and brute force. Party leaders are banking on a materialist strategy, one that appeals to people's pocketbooks, and for the time being China's citizenry seems much more interested in money than politics. In the longer term, however, the party-state will have to cope with the social and political phenomena that have come to the rest of newly industrialized East Asia—in particular a rising middle class, growth of a civil society, and demands by the citizenry for more meaningful, institutionalized (that is, democratic) forms of political participation. China's neighbors are meeting these challenges and are undergoing the often rocky transition to democracy.

China will inevitably face these trends as well. The question remains, however, whether a neo-Leninist system run by a Communist party and a leadership wedded to preserving their power and privilege is capable of liberalizing politics as well as economics. ■

<sup>2</sup>This analysis draws on that of Tai Ming Cheung in "Back to the Front," *Far Eastern Economic Review*, October 29, 1992; "General Offensive," *ibid.*, December 10, 1992; and "Lost in the Postings," *ibid.*, December 3, 1992.

The last time the Chinese economy overheated, it catalyzed the protests that led to the 1989 crackdown in Tiananmen. "The question [now] is whether rapid growth and accelerating inflation will lead to another economic crisis—and if so, what the political ramifications will be. . . . Retrenchment could work again, but the reins are not as tight as they once were. [And a] failed clampdown might be as politically dangerous as a successful one. . . ."

## The Economy in Overdrive: Will It Crash?

BY PENELOPE B. PRIME

Last fall, delegates to the Chinese Communist party's fourteenth congress proclaimed that China's "planned commodity economy" was now a "socialist market economy." What is the significance of this change in terminology? In practice as well as rhetoric, markets have replaced planning. China still plans, of course, but recent years have seen a significant reduction in the extent to which the government determines the economy's course. Market mechanisms have expanded from consumer goods to include producer goods, raw materials, and even stocks and bonds. The party's removal of the word "planning" from its label for China's economic system signals an ideological acceptance of markets and the likelihood that reforms will continue.

The introduction of the market has, however, created boom and bust cycles. The economy experienced serious inflation and imbalance in 1985, and again in 1988 and 1989. The last bout of overheating contributed to the pro-democracy protests in Beijing's Tiananmen Square in June 1989. Following the bloody suppression of the movement, many thought the government would curtail economic reform. While this did occur, it turned out to be a surprisingly brief effort followed by a strong rebound. Growth was so rapid in 1992 and the first quarter of this year that overheating again appears inevitable. Foreign investment and trade have risen even faster than in the past. The question for 1993 and 1994 is whether rapid growth and accelerating inflation will lead to another economic crisis—and if so, what the political ramifications will be.<sup>1</sup>

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PENELOPE B. PRIME is an associate professor of economics at Kenesaw State College. She is currently an analyst with the China Branch at the Center for International Research at the United States Bureau of the Census. The author would like to thank Tina Harbaugh for her assistance with data collection and Jong-Heum Park for his comments on an earlier draft.

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<sup>1</sup>Unless otherwise noted, all figures are from China's annual statistical yearbooks, *Beijing Review*, and the Foreign Broadcast Information Service.

### STOCK FRENZY AND SOFT DRINKS

Two developments last year significantly influenced the operation of the Chinese economy and expectations about future growth. These were the rapid extension of securities markets and a flood of foreign investment into the country.

The establishment of securities exchanges enhances the economy's marketization and benefits the economy's reform in several ways. Through stock or bond issues enterprises have the opportunity to raise capital, which may eventually wean them from the state budget. The country's political leaders are eager to revitalize large enterprises through market pressure, but without truly privatizing. (True privatization has been circumvented by limiting the number of shares sold to individuals; most shares are owned by other state enterprises or the government agencies that managed them in the past.) Another benefit of the exchanges stems from the fact the populace now holds large amounts of cash. Purchasing shares absorbs this money, channeling it into production and lowering demand for consumer goods.

There are currently two stock exchanges in China. The one in Shanghai started up in December 1990. The Shenzhen special economic zone (SEZ) in southern China opened the second exchange in July 1991, after experimenting with shareholding systems as early as 1987. Numerous other cities and provinces have been lobbying Beijing for authorization to set up their own stock exchanges—so far without success. There are dozens of other securities markets throughout China, but these handle treasury bonds only; in Shanghai and Shenzhen alone both stocks and bonds are traded.

The two exchanges are small but growing quickly. As of late 1992 the two combined had issued the shares of approximately 30 companies; by early this year the number had jumped to 70. Nearly 4,000 other enterprises in China are internal shareholding companies, in which the corporation in conjunction with employees holds shares. Many of these firms someday hope to go public.

The stock exchanges issue two types of shares: "A" shares, issued only to citizens, companies, or institutions



## China's Foreign Trade and Investment

(billions US \$)

	1986	1987	1988	1989	1990	1991	1992	1993
<b>Foreign Investment</b>								
Contracted	11.74	12.14	16.00	11.48	12.09	19.58	68.50	NA
Utilized	7.26	8.45	10.23	10.06	10.29	11.55	18.80	NA
<b>International Trade</b>								
Exports	30.94	39.43	47.51	52.53	62.09	71.91	84.99	37.15
Imports	42.90	43.21	55.26	59.14	53.34	63.79	80.60	40.69
Trade Balance	-11.96	-3.78	-7.75	-6.60	8.75	8.12	4.40	-3.54

Note: The figures for 1993 are for the first six months.

in China, and "B" shares, issued only to foreigners. The B shares are denominated in yuan but must be paid for with United States or Hong Kong dollars. Since they are a risky investment, foreign interest has primarily been expressed through trading in shares in Hong Kong companies that do business with China. Foreign houses have set up numerous mutual funds for foreign investors, including Paine Webber's Greater China Fund, James Capel & Company's China Fund, and the Jardine Fleming China Region Fund. Last year the New York Stock Exchange listed its first Chinese company, China Brilliance Automotive Corporation, and plans to list a number of mainland corporations on the Hong Kong exchange are in the works.

Stocks have caught the interest of the people of China as well. New issues have attracted large crowds. Disappointed citizens rioted last fall in Shenzhen when the forms that must be used to apply to purchase shares ran out. Many people bring substantial savings to invest if they are among the lucky ones granted a chance to buy. Because of the intense demand for shares, prices have been inflated and at times have fluctuated wildly, and a second market flourishes on the steps of the official exchange. Investing has helped reduce the demand for consumer goods, easing the pressure on these prices. If people think hyperinflation is just around the corner, they may pull money out of investments and savings accounts and go on a buying spree. Since savings totaled the equivalent of \$200 billion at the end of last year, such a spree would surely fuel inflation.

Along with the securities market, capital has also been generated through foreign investment. Businesses from around the world continue to see China as potentially, if not currently, a profitable venture. In 1992 alone new foreign investment totaled almost \$19 billion—a phenomenal 63 percent increase over new foreign investment the previous year—and this figure does not include contracts worth billions of dollars signed that year.

The inflow appears to be more than just a rebound from the slowing of investment following the repression of the democracy movement in 1989. Several new considerations in the minds of investors may be fueling it. Although the

yuan technically is still not convertible, foreign currency exchange centers, or swap markets, are common in major Chinese cities and seem to be functioning well. In early June all controls on the value of the yuan were lifted in these markets. Use of foreign exchange within China has also gained marginal acceptance. In Fujian province, for example, the Taiwan dollar is widely used, as is Hong Kong currency in Guangdong. This year, for the first time, China plans to offer a bond denominated in United States dollars; leaders obviously believe people hold enough dollars that such an issue will attract investors.

Prospects for foreign sales in China's domestic market have also brightened. Incomes and savings are beginning to reach levels that allow citizens to satisfy a taste for quality and variety by buying goods from abroad. Restrictions on foreign companies and joint venture sales in the domestic market are easing. One can find soft drinks such as Pepsi-Cola not only in the cities but also in the far corners of southwestern Yunnan province and other remote areas. More important, foreign products are increasingly sold in Chinese shops (brought to the shelves by Chinese distribution networks) and not just in hotels and restaurants catering to visitors to the country. The domestic demand for computers, machinery, and other inputs into production continues to grow as Chinese enterprises increasingly make more of their own investment decisions. Production for China's domestic market rather than for export to third-country markets may be attracting companies that had been watching China from afar. Some foreign companies producing goods in China have actually exported less than they expected because of their ability to sell domestically.

Another driving force behind the surge in foreign investment has been the rising cost of manufacturing in Hong Kong and Taiwan. For Hong Kong, which will become part of China in 1997, the decision to move production makes sense. For Taiwan, investment in the mainland is more of an issue politically. The Taiwanese government has been leery of having too much of its citizens' and corporations' funds invested in China, but has not stopped the flow of capital. In a significant development, nongovernmental

### Selected Economic Indicators

	1986	1987	1988	1989	1990	1991	1992	1993
Gross National Product (annual growth)	8.1	10.9	11.3	4.4	4.1	7.7	12.8	15.0
Currency in circulation (annual growth)	23.3	19.4	46.7	9.8	12.8	20.2	36.4	45.0
Domestic Budget (billion yuan)	-7.1	-8.0	-7.9	-9.2	-14.0	-21.1	-23.7	NA
Cost of Living (annual growth)	7.0	8.8	20.7	16.3	1.3	5.1	6.4	10.3
General Retail Price Index (annual growth)	6.0	7.3	18.5	17.8	2.1	2.9	5.4	16.0
Investment in Fixed Assets (billion yuan)								
State firms	197.9	229.8	276.3	253.5	291.9	355.8	510.6	58.8
Collectives	39.2	54.7	71.2	57.0	52.9	62.9	123.3	NA
Total Retail Sales (annual growth)	15.0	17.6	27.8	8.9	2.4	13.4	15.7	27.0

Note: The figures for 1993 are for the first quarter, except for the cost of living, which is for January. GNP and retail sales figures are for the first five months of 1993. The figures for 1992 and first quarter 1993 GNP were reported as gross domestic product.

groups from Taiwan and China met for the first time this spring in Singapore to discuss increasing exchanges and communications across the straits.

Over the decade, foreign investment provided China with raw materials through imports, transferred new technology, and earned foreign exchange through exports. While these benefits will continue, something new appears to be happening as well. The latest wave of investment seems to cover a broader area geographically, reaching inland regions as well as the traditional coastal zones. As a result, foreign companies want to use China's raw materials, energy sources, and infrastructure more than they did in the past, which increases the already high demand for them. These companies also have the financial resources to offer higher prices for the inputs they need. So while foreign investment is supplying additional capital, it is also contributing to rapid growth and the resultant overheating of the economy.

### A REPEAT PERFORMANCE?

With expected annual growth rates for real gross national product well over 10 percent, will 1993 and 1994 see a repeat of the creeping inflation of 1987 followed by the hyperinflation of 1988 that caused leaders to force the economy into retrenchment? There are indeed many similarities between trends during the earlier period and those unfolding in the Chinese economy now.

Growth, inflation, and the money supply were all high by 1988. After respectable growth of 8 percent in real GNP in 1986, the figure jumped to 11 percent in both 1987 and

1988. Inflation, as measured by China's official cost of living index, was 7 percent in 1986 and 9 percent in 1987, and skyrocketed to 21 percent in 1988. Currency in circulation increased 19 percent in 1987 and jumped to 48 percent the next year. Finally, rapid income growth raised imports and depressed exports, resulting in trade deficits throughout the late 1980s.

In 1992 and early 1993, a similar pattern developed, but with even higher growth. Real GNP increased 13 percent in 1992 and at an annual rate of 15 percent during the first five months of this year; this compares with 8 percent in 1991 and only 4 percent in 1990. The cost of living went up 5 percent in 1991; last year this index advanced only 1 percentage point, but in January 1993 it rose at an annual rate of 10 percent. The urban cost of living index reportedly was up almost 20 percent by May 1993 compared with a year earlier. Other reports on inflation for early 1993 put it as high as 25 percent above the level the previous year. Cash in circulation increased 36 percent in 1992, compared with 20 percent in 1991, but jumped to a 45 percent annualized rate in the first quarter of 1993. After posting trade surpluses for three years, beginning with the last quarter of 1992 China once again registered trade deficits. The deficit for the first six months of 1993 was over \$3 billion, more than doubling in May and June alone.<sup>2</sup>

These trends have raised concerns both at home and abroad. In May interest rates in China were raised for the first time in a year in an attempt to attract savings and discourage loans; the small hike, however, had little apparent effect. Plans to tighten credit discussed by Chinese leaders last fall seem to have fallen by the wayside. The 1993 Plan for National Economic and Social Development discussed, in general terms, maintaining the economy's balance and reform of the banking system. But concern over the potential problems associated with overheating is more muted than in the past.

<sup>2</sup>Figures on cash in circulation are from "Banking on Zhu," *The Economist*, July 3, 1993, p. 33; trade deficit statistics are from "China's Trade Deficit Doubled in 2 Months," *The New York Times*, July 6, 1993, p. C8.



Many economists in China argue that major differences between the current picture and the situation in the late 1980s mean drastic action may not be necessary this time.<sup>3</sup> One difference cited is that inflation in the 1990s is due primarily to price adjustments and increases in costs, rather than the severe imbalances between demand and supply that occurred in the previous decade. Demand is high, but more for investment goods than consumer goods. The supply of consumer goods, they argue, has kept up with demand. Further, peoples' incomes rose faster than inflation during 1992, in contrast to 1987 and 1988. Finally, the optimistic analysts acknowledge the money supply is increasing rapidly—too rapidly—but say that at least it is going into productive, long-term investment rather than subsidizing unproductive enterprises.

These economists correctly contend that the economy has developed and been reformed in the four years since Tiananmen, but all arguments that minimize the potential need for retrenchment can be disputed. While price reform has pushed prices up, property speculation has meant higher rents and a higher price index. Demand may not be as imbalanced as in 1988, but the enormous amount of savings held by individuals could at any time be withdrawn, quickly creating serious imbalance. With the high inflation in the first quarter, savings accounts were earning negative rates of interest; in fact, in March total individual deposits fell for the first time since 1988.

The optimists also argue that incomes have kept ahead of inflation in today's economy, unlike during the latter 1980s. But this was while annual inflation was under 10 percent. If inflation continues to escalate toward 20 percent and beyond, real income growth will no longer be sustainable. As real incomes fall, people may be even more sensitive to negative interest rates, and put their money into consumer durables rather than saving it. This of course would push inflation even higher.

Finally, while productivity has improved in China, there are still many failing state-owned enterprises that formerly relied on subsidies through the state budget. Although the subsidies have reportedly been cut back, essentially unprofitable state enterprises continue to be subsidized through a new channel. When they need money, they are virtually guaranteed bank credit, with little or no questioning of how the funds will be used. In addition, more money has become available through foreign sources, securities issues, and underground credit channels. Some of these funds are no doubt going into profitable ventures, but whether these are necessarily the more productive projects, as the optimists argue, is difficult to determine because many prices are still distorted.

But along with the positive—albeit weak—factors that

contribute to the optimism of some in China, other indications strongly suggest the economy is overheating. Last year China registered a budget deficit of more than 90 billion yuan, the highest in the history of the People's Republic. Approximately 67 billion yuan was covered by domestic bonds and foreign loans, but over 23 billion yuan was left to be covered by printing new money. It is thus not surprising that China's measure of currency in circulation has increased. The recent pattern has been for currency in circulation to decline in the first quarter of a new year and then grow relatively quickly in the last quarter. This happened even in 1988. But this year the pattern has been broken. The July 3 *Economist* reported that currency actually increased 45 percent in the first quarter of 1993. If the money supply cannot be controlled at the beginning of the year, there is little hope that currency growth this year will be less than in 1992. Nonetheless, banks, especially in rural areas, reportedly were short of cash by midyear. Inflation had already increased substantially as well, even by the conservative, annualized measure used by China's official statistical agencies. If currency expands throughout the year as usual, inflation can be expected to accelerate quickly.

Poor agricultural performance can also contribute to potential overheating. Last year was not a stellar one for two key crops, grain and cotton. Grain production inched up less than 2 percent over 1991, and the cotton harvest was down 20 percent. In contrast, the flourishing industrial and service sectors in rural China registered 37 percent gains in output value over 1991. These nonagricultural sectors in the countryside compete with urban areas for farm products, contributing to rising prices and shortages.

Cash-poor rural banks have had difficulty paying for crops, exposing a critical weakness in the system. Under the reformed system established in the early 1980s, households contract with the state to deliver a certain amount of a crop that the state purchases at a set price. (A household can keep or sell at market prices anything produced beyond the contracted amount.) The government uses the rural banking system to make these purchases. According to Hong Kong newspapers, peasant protests occurred late last year and early this year when the government offered promissory notes instead of cash for the winter harvest. The summer crop will be brought in amid reports that banks are even more strapped for cash than they were earlier. Under these circumstances, government officials are likely to allow increased credit, which would push inflation higher.

Construction and investment in fixed assets also indicate that the economy is growing too rapidly. Last year the construction industry grew 18 percent in terms of the value of business it did. Completed projects rose 38 percent over 1991, and investment in projects under construction increased 49 percent. In the first quarter of this year investment took off. The State Statistical Bureau in Beijing reported that investment in fixed assets in state-owned enterprises rose 71 percent, and investment in local enterprises 81 percent. According to the economic plan, the total

<sup>3</sup>See, for example, Gong Yong, "1988 nian yanzhong tonghuo pengzhang de lishi" [The history of serious inflation in 1988], *Jiage yuekan* [Price monthly], March 1993, pp. 8–9.



investment growth target is not to exceed 30 percent this year. Local leaders across the country have also established industrial development zones. Citing incomplete official statistics, the May 30 *China Focus* reported that as of last September there were 1,951 economic development zones in China. Not all have been successful at attracting investment, and leaders in the central government are considering closing many of them.

To sum up, there are many signs that China will experience an even bigger boom in 1993 than in 1992, with more rapid growth in real GNP than in the late 1980s. At the same time, by the first quarter of this year inflation was already the highest it had been since the crisis in 1989, with many overt and latent pressures for still further increases.

### FINE-TUNE OR STEP ON THE BRAKES?

The attitude of many officials and academics in China appears to be that markets have been established, and that these can be adjusted through indirect means such as interest rates and tax rates. In other words, "fine tuning" the economy is now an option, whereas in 1988 it was not. Without the tools to adjust demand and supply, severe credit and import quotas were necessary to bring the economy back under control. Lacking credit or inputs, many enterprises had to stop production, halt construction projects, or even close. All this also brought the inflation rate down to 2 percent in 1990.

Many foreign analysts argue that China in fact still does not have the ability to fine tune. Some new institutions appropriate for a market economy are in place, but they exercise insufficient power over key variables, these voices say. For example, the May increase in the interest rate did little to attract savings or decrease the demand for loans. The central bank has in principle the authority to control the amount of loans local banks issue. In practice, however, it is in the interest of local banks to heed local party leaders who want to keep their enterprises running. Further, the numerous nonbank financial institutions that have been set up by the government are not even under the jurisdiction of the central bank.

If the newly reformed system is not yet strong enough to fine tune the economy, does Beijing still have the choice of applying the brakes? In the past, leaders simply ordered a halt on credit in certain sectors or enterprises, and inflation would immediately slow; painful as such a step can be, it has worked. Retrenchment could do the trick again, but the reins are not as tight as they once were. A failed clampdown might be as politically dangerous as a successful one, pointing up the weakness of the central government.

Another political consideration has colored debate on this issue. Paramount leader Deng Xiaoping's strong endorsement of reform early last year has been interpreted to mean that rapid growth should not be criticized. In the

past, Chinese leaders used inflation as the bellwether of policy. If inflation became too high, reformers and conservatives generally agreed that growth and imports or other variables had to be sacrificed. The working assumption through mid-1993—at least by some at the top level—has been growth at any cost. Some localities, including Guangdong province in southern China, also prefer to accept inflation as a cost of growth.

Accepting inflation is a new development. Such a strategy might be feasible if prices rise at some reasonable, albeit high, rate. If, however, they begin to increase at an annual pace of 50 percent or more, China will face a much altered future. Inflation at this level would sap or even reverse the strengths the country has been able to exploit throughout most of the reform of the economy. Savings have been high and rising, but severe inflation would cause people to spend instead. Real income for everyone but a few elites would fail to keep up with price hikes. Capital flows could easily turn into net outflows. Finally, the corruption that is endemic in China and is already destabilizing would multiply in the face of expected sustained high inflation.

The peculiar nature of inflation in China poses yet another dilemma. When inflation begins to rise in the country, it tends to accelerate quickly. While adjusting to high inflation would be a challenge, dealing with high but accelerating inflation would be even more difficult. Part of the problem has been an inability to adjust the money supply in increments—an inability that has yet to be overcome.

Some attempt on the part of central officials to slow the economy seems inevitable. In late June, deputy prime minister Zhu Rongji was appointed temporary head of the central bank. His public statements clearly indicated a concern with China's financial situation, and a Hong Kong paper reported a new austerity program targeting imports and credit was being readied. Whether it will work is another question. Since some leaders are against pulling back, any such policy will already have one strike against it.

The course of China's economic transition could be altered by what happens in the next few years. The truly conservative leaders who favor a major shift in China's path will have to act soon. The longer Deng lives, the less political legitimacy they have. Further, if they use the failure of reform as their rationale, they will need to offer alternatives that work, and coming up with these will be difficult. However, most of the devoted socialists may already have bought into the benefits of economic reform available to them from their seats of power. In this case, marketization is likely to go forward, eventually gaining an ability to influence business cycles through interest rates, exchange rates, and the money supply. But even in this optimistic scenario, progress could be derailed if one of the boom-bust cycles is too extreme. The pressure from unpaid farmers and state workers could be too great even for Deng. ■

"The question 'How rich is China?'... raises the question: 'Which China?' The one of burgeoning special manufacturing zones, property speculation, and ties to the global market, or that of remote interior counties where the isolation and degraded land, air, and water offer little hope for any appreciable material improvement in people's lives?"

## How Rich Is China?

BY VACLAV SMIL

The obviously important question of how rich China is has no easy answers. Although in many ways still a poor country, China is already an international economic power. But Western figures on it have misled more than they have informed, keeping alive an outdated view of the world.

The trail of misleading numbers begins with paramount leader Deng Xiaoping's economic revolution of the late 1970s, which set as its goals a quadrupling of the economy and China's rapid integration into the world market. When the State Statistical Bureau prepared the first account of Chinese gross national product in 1979, it put GNP for the previous year at 358.81 billion renminbi, or Rmb 375 per capita.<sup>1</sup> During the subsequent decade of rapid expansion, per capita GNP, according to the Chinese figures, rose more than fourfold, or a still very impressive 230 percent gain when adjusted for inflation.

But most foreigners do not consult State Statistical Bureau publications; they get their information on the Chinese economy from international data books. Of this group, the most widely distributed and quoted annual is the World Bank's *World Development Report*, which gave China's per capita GNP for 1978 as \$230, and listed it at \$310 in 1985 and \$370 in 1990. This amounts to a yearly increase of less than 2 percent—and would actually mean a 10 percent decline in terms of constant 1978 dollars.

Even an unobservant visitor who had traveled in China in both periods would find nonsensical the notion that the country in the early 1990s was slightly poorer than in the

late 1970s. And a connoisseur of international statistics would point out that the World Bank figure of \$370 per capita GNP put China right between the 1990 per capita figures for Haiti and Benin. This is strange company for a country that provides an average daily food supply for its citizens close to the Japanese mean, and whose total annual foreign trade turnover amounts to well over \$100 billion.

### A BLIND CONVERSION GAME

The reason for all these ludicrous dollar-denominated figures for China is simple: falling exchange rates.

In 1978 the official rate stood at 1.42 renminbi to the United States dollar; by 1985 it had weakened to around 3:1, and by 1990 the currency was devalued to 4.79 to the dollar. As the dollar is almost invariably used as the common denominator in international comparisons of GNP, the Chinese expansion of the 1980s disappears, and China ends up ranking behind Haiti.

The blind conversion into dollars also makes a mockery of Deng's goal of quadrupling the economy in 20 years. When the Chinese government was formulating long-term economic strategy at the end of the 1970s, it simply took the newly estimated per capita GNP for 1979 and divided it by the current official exchange rate to come up with a figure of just over \$250 per capita. Quadrupling this would elevate China to the magic level of \$1,000 per capita—but in 1990, halfway through the process, official GNP stood at less than \$300 per capita (1980 dollars).

China has not been alone in this accounting predicament. The gross national products of nearly all poor, industrializing countries are substantially undervalued by conversion to dollars using official exchange rates. What is needed is some systematic adjustment of national accounts based on purchasing power parity (PPP), which measures the value of a country's GDP based on the domestic purchasing power of the country's own currency. This fundamental correction opens the way for meaningful comparisons between countries—one that, after several years of internal debate, the IMF in its 1993 *World Economic Outlook* embraced. Using purchasing power parity as the

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VACLAV SMIL is a professor of geography at the University of Manitoba and a Current History contributing editor. His most recent books are *China's Environmental Crisis* (Armonk, N.Y.: M. E. Sharpe, 1993) and *Global Ecology* (New York: Routledge, 1993).

<sup>1</sup>GNP is the sum of gross domestic product (total value of a country's yearly output of goods and services) and income from abroad minus the income of nonresidents living in the country.

basis for its calculations, the IMF rankings catapulted China from tenth to third place among the world's economies; the World Bank has developed its own PPP-adjusted figures, but continues to measure economies by using exchange rate conversions.

## A BETTER APPROACH

University of Pennsylvania economists Robert Summers and Allen Heston were the first, in 1984, to publish PPP-adjusted estimates for the per capita gross domestic product of countries. Expressed in constant 1975 dollars, their figures for China showed a rise from \$300 in 1950 to \$1,135 in 1980. An update in constant 1980 dollars put real per capita GDP at \$1,619 in 1980 and \$2,444 in 1985, and the team's most recent tabulations gave the figure for 1988 as \$2,308. Thus China's closest economic "neighbor" in Asia is Thailand (at \$2,879), while Haiti's per capita GDP according to this method is only \$877.

If these adjustments come much closer to the actual wealth of China, where do they leave Deng's target? If China's real 1980 GDP was about \$1,600 per capita (more than five times the exchange rate-biased level), can one reasonably expect a quadrupling by the year 2000—assuming a population of at least 1.25 billion—to \$5,100. This would be an impossible goal, putting China on a par with the Ireland of 1985, and making it richer than the South Korea, Portugal, or Greece of 1990.

While exchange rate conversions considerably undervalue Chinese economic output, Summers and Heston's adjustments do just the opposite. Strong evidence of both biases can be demonstrated by calculating the average energy intensities of the world's largest economies. This is done by dividing total annual primary energy requirements by GDP.<sup>2</sup> When using the World Bank's GDP calculation, China's 1990 energy intensity would be around 1,600 kilograms of oil equivalent (kgoe) per \$1,000. In contrast Summers and Heston's adjustments would result, assuming a rounded GDP value of at least \$2,500 per capita for 1990, in an energy intensity of less than 250 kgoe per \$1,000. Both results are clearly wrong. In the first case China's energy intensity would be nearly 2.7 times higher than India's, which is roughly 600 kgoe per \$1,000; in the other case it would be actually slightly better than Japanese performance!

Extensive conservation and modernization campaigns boosted the performance of Chinese industry during the 1980s, as did the massive shift toward light manufactures and export-oriented growth that made for one of the most rapidly expanding economies of the decade. In spite of this, China's industries, transportation system, and households still remain relatively inefficient users of energy—but not nearly three times worse than their Indian counterparts.

For example, an International Energy Agency study shows that in 1985 China used about 1,360 tons of kgoe for every ton of crude steel produced, compared to about 880 kgoe per ton in India. This is a difference of about 50 percent, and given the notorious inefficiency of China's ferrous metallurgy, it is unlikely such a gap would be usual in other industrial sectors.

Conversely, it is ridiculous even to suggest that the still too rigidly controlled Chinese economy, operating with unrealistically low fuel and electricity prices and with much outdated equipment, could approach the Japanese performance in this area. It must be expected that China will lag behind—although the numbers indicate that the country's real energy intensity is not so grossly inferior. But in any case, if China were using the essential energy inputs into its economy with an efficiency comparable to that seen in Japan, and significantly higher than that in France or Germany, there would be no need for fundamental economic reforms! Clearly neither old-style exchange rate conversions nor the newer PPP-adjusted estimates come close to the elusive reality. The challenge is to reduce the broad range of GDP values produced by the two methods.

## THE HAMBURGER STANDARD

The easiest shortcut is the simplest of all PPP adjustments: the surprisingly effective hamburger standard pioneered by *The Economist* in 1986. Dividing the price of a Big Mac in the local currency by the price in the United States has consistently indicated an overvaluation of the deutsche mark or yen that is surprisingly close to elaborate PPP calculations. China last year saw the opening of its first McDonald's outlet, peddling Big Macs for Rmb 6.30 apiece. With the average price in the United States at \$2.19, the implied PPP value was Rmb 2.88 to the dollar, compared with the official exchange rate of 5.44. The hamburger standard thus suggests China's 1992 real dollar-denominated GDP is 1.89 times higher than the exchange rate-converted value, or close to \$800.

I believe the real purchasing power parity of the Chinese currency is higher still. This conviction is borne out if one assembles a minibasket of three essential foodstuffs—rice, pork, and cooking oil—and compares the average price in the United States and China for the amount of each item consumed annually by the average city dweller. For 1988 such a comparison implies a purchasing power parity of 0.81 renminbi to the dollar. A 20 percent markup is made to reflect the higher quality of American food. (In this basket the difference could be minimal for rice, substantial for cooking oil, and enormous for pork—indeed, a typical piece of Chinese pork has no counterpart even among the inferior cuts in American stores. Similar differences often exist for fruits and vegetables.) This leaves the purchasing power of the renminbi inside China about equal to that of the dollar in the United States: one renminbi bought roughly as much food in Shanghai as one dollar did in Boston.

Consequently in 1988 the purchasing power parity of

<sup>2</sup>Energy intensity is an important marker of national economic performance. For details, see Vaclav Smil, *General Energetics* (New York: Wiley, 1991).



the renminbi was about 3.7 times greater than the official exchange rate with the dollar. This adjustment would put China's real 1988 GNP at \$1,300 or, in constant 1980 dollars, at almost exactly \$1,000. Encouragingly, this adjustment produces a much more credible energy intensity ratio than do either the World Bank's or Summers and Heston's values: the overall energy intensity of the Chinese economy works out as comparable to that in Poland or Russia, and about double the Japanese level. The \$1,300 per capita figure also receives noteworthy confirmation by a Rand Corporation estimate based on a CIA study of purchasing power parities, which produces a per capita GNP of \$1,200 for 1988.<sup>3</sup> And most important, applying plausible GDP growth rates to this adjusted base does not generate absurd future totals. Continuation of the long-term inflation-adjusted growth of 4.7 percent would raise per capita GDP to \$1,600 in the year 2000, and a 6 percent rate would up it to \$2,000 (in 1980 dollars). The second figure is the IMF's calculation published in the fund's 1993 *World Economic Outlook*; the IMF developed this estimate precisely in order to correct the unrealistically high published PPP values.

## LIVING WELL, AND FOR HOW LONG?

Although clearly giving a more realistic picture of China's wealth, these adjustments do not measure quality of life under the new affluence. Modernization's achievements cannot be subsumed under a single aggregate measure; an evaluation should encompass a broad range of quality-of-life variables, from food availability, health, and education to material possessions and housing.

Data on average per capita supplies of food energy, protein, dietary fats, and the principal minerals and vitamins in countries worldwide are readily available in United Nations Food and Agriculture Organization yearbooks. These values, and especially the means of per capita food energy and protein supply, are undoubtedly the most frequently reprinted and quoted indicators of national food availability, and the global coverage allows for revealing international comparisons. China's current standing in these lists, especially considering the combination of the country's physical limitations (less than one-fifteenth of the

world's arable land) and population burden (more than one-fifth of all people), is definitely enviable.

With more than 2,600 kilocalories (kcal) of food energy available daily to its average citizen, China was just 8 percent behind the Japanese rate, well ahead of India (2,200 kcal per day), and above the Asian mean of just shy of 2,500 kcal per day; besides Japan, only Taiwan, Mongolia, and the Koreans enjoy a better food supply in East Asia. But these impressive quantitative achievements in China have been accompanied by only limited qualitative improvement, and by the persistence of a huge gap between average rural and urban consumption. Although the per capita availability of meat and eggs has more than doubled since the late 1970s, plant foods still provide all but about 5 percent of food energy. Moreover, by 1990 average yearly consumption in the countryside of the three principal animal foods (about 11 kilograms of pork and 2 kilograms of poultry, and less than 2.5 kilograms of eggs) remained far below the city means (18.5, 3.5, and 8 kilograms, respectively).

In China's poorest provinces the basic challenge of providing minimum rations is as acute as ever. The southwest and northwest must contend with a below-average supply of grain. Drought has been always a major factor limiting production in the arid northwest, but during the 1980s chronic grain shortages were also recurrently aggravated by drought in normally wet Guangxi province. During the spring and summer of 1989, when some 16 million people depended on state emergency relief, the region's grain deficit was close to the shortfall during the great famine of 1959–1961. And given the inadequate transportation between provinces, serious drought can still cause large-scale shortages of grain even in areas of normally adequate supply. For example, during the fall of 1989 10 million people in Shandong were short of grain.

There are no reliable figures for the number of chronically undernourished people in China. In 1984, a year of record harvest, Deng Xiaoping spoke in *Beijing Review* of "tens of millions of peasants in the countryside who do not yet have enough food." Liu Bang, in *Liaowang*, put the number at 11 percent of the rural population, or some 90 million people—equivalent to the entire population of Mexico.<sup>4</sup> But given the dominance of staple grains in the Chinese diet, it is possible to come up with an approximate estimate for undernourished population from the mean grain production in each of the provinces.

In 1990, 230 million people lived in nine provinces where average grain harvests per capita were more than 20 percent below the national mean. The average daily food supply per person in these provinces would be around 2,200 kcal—thus, some 110 to 120 million people would be subsisting on less than this minimum caloric requirement. The limited food transfers between provinces and higher local reliance on aquatic or dairy products could reduce this number to about 100 million. These people do not necessarily starve, but their food intake does not provide for proper growth and demanding rural work. Simply

<sup>3</sup>Charles Wolf et al., *Long-term Economic and Military Trends, 1950–2010* (Santa Monica, Calif.: Rand Corporation, 1989). This assessment also contained provocative predictions that China's aggregate real GNP will almost equal the former Soviet economic product by the end of the century, and that it will surpass it by some 20 percent a decade later, when it will rival even the Japanese total. An unidentified high-ranking Chinese official saw these estimates as "a friendly exaggeration" of China's economic strength; see "Bridging the Economic Gap," *Beijing Review*, vol. 32, no. 5 (1989).

<sup>4</sup>Deng Xiaoping, "Current Policies Will Continue," *Beijing Review*, vol. 28, no. 4, (1985), p. 5; Liu Bang, "Speaking of the Good Situation in Rural Areas," *Liaowang*, vol. 5 (1984), p. 6.

put, they fall below the supply level guaranteeing enough food for a healthy and vigorous life.

In spite of persistent nutrition problems in parts of the interior, China has done very well in extending average life expectancy. The figure rose from just 40 years in the early 1950s to about 65 years by the late 1970s, with four more years added during the 1980s. A Chinese male born today can expect to live about 69 years, and a female about 71. This makes for some surprising comparisons. The life expectancy for males is more than a decade above the level in India, two to five years higher than in Argentina and Mexico, about three years ahead of the mean for the former Soviet Union, and just a year or two behind such Western nations as Austria or Ireland; although nearly fifteen years above India's level, the survival rates for Chinese females are relatively less impressive, equaling those in Mexico or Malaysia, and between three and five years behind the lower end of means in Europe.

These achievements would not be possible without very low infant and child mortality. Chinese rates during the late 1980s—just over 30 and in the mid-40s, respectively, per 1,000 live births—were only about one-third Indian levels, and substantially lower than those in Brazil or Mexico. China thus belongs to a small group of countries where life expectancy is much higher and infant and child mortality much lower than would be expected from the exchange rate-converted gross domestic product—and this disparity is yet another strong proof that actual GDP is considerably higher.

In contrast, China does not come off exceptionally well in international comparisons of education: its record is only average among other populous nations in primary education, and is decidedly inferior in postsecondary studies. The situation is best at the primary level: all but a few percent of children between the ages of 6 and 14 attend school. But many grade school pupils drop out in order to work. In some rural areas one-tenth or even one-fifth of all laborers are school-age children, with the percentage of girls disproportionately high.

The Chinese share of the world's illiterate adult population (over 15 years old) is not as large as Pakistan's or India's, but the rate of 20 percent remains unacceptably high, with the official total at 220 million people as of late 1988.<sup>5</sup> Peasants account for 95 percent and women for 70 percent of this. The secondary school enrollment ratio in the late 1980s of just over 40 percent was unexceptional among populous poor countries, but the postsecondary share of just 1.7 percent was lower than in any large nation except Bangladesh.

The enormous shortage of university-educated people in China is perhaps the most persistent legacy of anti-intel-

lectual Maoism, a price to be paid for decades and a loss that will not be remedied in a single generation. Naturally this weakness carries over into the availability of scientific and engineering manpower: in the late 1980s there were only 1,000 such experts per million people in China, compared to more than 3,000 in India and 10,000 in Brazil.

## THE "FOUR BIG ITEMS" AND OTHER CONSUMER DREAMS

Some measures of material affluence commonly employed in international comparisons of living standards make little sense in the Chinese (or Indian, or Nigerian) setting. To insist that car ownership rates chronicle a nation's advance toward modernity is untenable in Asia; indeed, a sound argument can be made that the opposite is true (based largely on the enormous negative environmental impact) even in the case of much less densely populated Western nations. But whether for good or ill, the Chinese have been both heavy importers of Japanese cars and resolute developers of a domestic car industry.

The number of telephones per 1,000 people, another popular measure of technical progress, is more acceptable. Environmental negatives are minor, while economic and social benefits are obvious. China's 10 phones per 1,000 people in 1990 was equivalent to the Pakistani average, marginally higher than the figure in India or Indonesia, and less than one-tenth typical Latin American rates. A tenfold expansion would seem to be the minimum required for good basic management and better personal communication.

Similar multipliers would apply to the ownership of washing machines (fewer than 10 per 100 Chinese in 1990) and refrigerators (a mere 3 per 100); rates for both in Japan during the 1980s were about 40 per 100 people. Purchases of television sets rose rapidly in China during the 1980s, and an ownership rate of 16 per 100 in 1990 compared to one of more than 60 per 100 in Japan. Indeed, color television sets became one of the principals badges of affluence during the 1980s, with fridges, washers, and tape recorders right up there.

The rapid advance of Chinese consumer aspirations can be seen from the changing list of most desirable wedding gifts. During the 1960s there were the "three rounds"—wristwatches, bicycles, and sewing machines. In the 1980s the "four big items" were color televisions, double-door refrigerators, twin-tub washing machines, and double-deck tape recorders, and supplementing these with the "three golds"—gold rings, bracelets, and necklaces—was often de rigueur.

But while tens of millions of Chinese are undoubtedly pleased at the variety of new household gadgets they have been able to afford since their purchasing power began rising in the early 1980s, they would be even more pleased if their food bills went down. And no material advance would be more important for the country's modernization than a substantial improvement in average housing conditions.

Although rationed staple grains are still heavily subsi-

<sup>5</sup>Literacy rates are not easily comparable. In China literate workers should recognize at least 2,000 characters, peasants about 1,500; people reading fewer than 500 are considered illiterate.

dized in China (rice costs nearly five times more on the free market), expenditures for food averaged nearly 55 percent of typical rural, and just over 50 percent of urban, disposable income in the late 1980s. This is a burden shared by the inhabitants of other poor, populous Asian nations (the figure in India is also 55 percent). In better-off poor countries people spend less than 40 percent of their disposable income on food, while in the most highly developed nations outlays range between 13 percent (United States) and 21 percent (Japan). In reality, the gap is even wider than indicated by these figures: smaller slices of income in rich countries buy more food containing higher amounts of nutrients in a greater variety of safer foodstuffs.

While the near future holds little hope for significantly lower food prices, the recent past has seen great improvement in housing. Rural reforms of the 1980s, and especially the incipient affluence in the suburban countryside of richer coastal provinces, led to a surge in new, and better, house construction in villages. Belatedly increased investment in urban apartment building brought some substantial gains in most major cities.

General conditions, however, remain unsatisfactory. The first representative survey of urban housing in China, carried out by the State Statistical Bureau in 1985 and 1986, found that average living space amounted to a mere 6.1 cubic meters per capita, with smaller cities (less than 200,000 people) averaging 6.65 and the largest ones (over 1 million) only 5.86 square meters per person. One-quarter of all urban inhabitants lived in less than 4 square meters—little more than a single bed with an equally narrow strip alongside. Merely bringing China's urban housing up to the standard of notoriously cramped Japanese homes would require a roughly 70 percent increase in average living space. By 1990 the average for China's 424 largest cities had risen marginally, and the goal for the year 2000 is to raise the mean to just over 8 square meters per person.

Villagers had more living space than their city cousins even before the reforms, and since the late 1970s their gains have been relatively large. Before 1978 no more than 100 million square meters of new housing was built in China's countryside each year, but the total for 1979–1988 rose to 6.8 billion square meters (including a record 1 billion square meters in 1986), and the quality of the buildings also improved substantially. Between 1980 and 1988 average rural living space rose from 9.4 to nearly 17 square meters per capita, ranging from just 9 square meters in Tibet to up to 30 square meters on Shanghai's outskirts. But the gen-

eral quality of rural housing is still quite poor: late last decade a variety of adobe-and-thatch structures were still dominant, with only about 9 percent of all existing houses built of brick and wood (even in Shanghai's periurban area this share was no higher than 30 percent). Just over half of all rural houses had electricity, and less than one-seventh had running water.

Any realistic review of China's recent quest for greater personal wealth would be incomplete without noting the persistence of extensive rural poverty—and the growing income disparities since 1984. The 1980s saw the black marketeers of Hainan Island reaping fabulous profits by importing nearly 100,000 Japanese cars and 3 million television sets and reselling them to buyers from inland provinces. It saw suburban farm families in Jiangsu and Zhejiang get rich from a combination of mushroom growing, poultry raising, and local manufactures. But these are the peasants and others best able to take advantage of Deng's revolution, which gave them the power to make money. That power is easier to exercise in suburban Nanjing or in the Zhujiang River Delta than in the scrubby hills of Guizhou or the eroded, arid Loess Plateau. Millions of rural households in Guizhou, Gansu, and Shanxi provinces could not extricate themselves from dire poverty. Their incomes rose, but far from enough to secure them a better standard of living; they were left even further behind newly rich areas.

While the coefficient of variation expressing the gap between rich and poor provinces narrowed from 35 percent in 1978 to 26 percent by 1983, it rose to 37 percent in 1988. Taking rural per capita income of less than 200 renminbi in 1987 as an indicator of abject poverty, no fewer than 8.3 percent of peasant households, or more than 60 million people, were below that line, and it is unlikely the total dipped below 50 million by 1990. For these people a well-padded coat, a well-heated room, or a well-built chair are still beyond reach. Lifting these families—a population equivalent to a large European nation—at least to a level of bearable subsistence will not be accomplished easily.

The question "How rich is China?" thus raises the question: "Which China?" The one of burgeoning special manufacturing zones, property speculation, and ties to the global market, or that of remote interior counties where the isolation and degraded land, air, and water offer little hope for any appreciable material improvement in people's lives? ■



In China today, as in many other parts of the world, there "is a desire for a new nation state as people imagine that they would be better off without a useless, corrupt, tax-taking, distant, central government bureaucracy. That is precisely how the rulers in Beijing are popularly characterized. . . . They know it and they fear the consequence: a breakup of China."

## China's North-South Split and the Forces of Disintegration

BY EDWARD FRIEDMAN

In the 1970s, when the Soviet Union considered Communist China both a major adversary and a dangerous competitor, Victor Louis, understood to be a Soviet intelligence operative, published *The Coming Decline of the Chinese Empire*, a tract prophesying the disintegration of China as a result of "the national aspirations of the Manchu, Mongols, Uighurs, Tibetans, and other non-Chinese peoples. . . ." Today China's media portrays anyone who raises the topic of a possible breakup of China as an enemy and saboteur—like Victor Louis, an agent of black propaganda.

On the surface, it does seem that the non-Chinese peoples inside the People's Republic have been reduced to insignificant minorities by waves of Chinese immigrants in what had once been huge non-Chinese regions—Tibet, East Turkestan, Mongolia, and Manchuria. (Tibetans protest this population invasion as cultural genocide.)

In the twentieth century, nationalistic Chinese have tended to take the fate of the Manchus, who conquered all of China in the seventeenth century, as a preview of the destiny of the non-Chinese. To maintain their communal identity, the Manchu kept their northeastern homeland free of female Chinese settlers and maintained Manchu as a national language. Yet nearly 300 years later, the population of what was once Manchuria—known in China merely as the northeastern provinces—is less than 10 percent Manchu, and only a small minority of these can speak Manchu. That Chinese civilization conquers all is the usual conclusion drawn from the Sinicization of the Manchu.

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EDWARD FRIEDMAN is a professor of political science at the University of Wisconsin, Madison. His most recent book, *Chinese Village, Socialist State* (New Haven: Yale University Press, 1991), was selected by the Association of Asian Studies as the best book on twentieth-century China. He is the editor of the forthcoming *The Politics of Democratization* (Boulder, Colo.: Westview Press).

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<sup>1</sup> Edward Friedman, "A Failed Chinese Modernity," *Daedalus*, vol. 122, no. 2 (Spring 1993).

The Chinese view is that in what were once non-Chinese regions, tens of millions of Chinese settlers went to live in inhospitable terrain to block expansionist neighbors: the Russians, Central Asian Muslims, Indians, and Japanese. These settlers are seen as having suffered to make once barren regions productive, and also as having brought with them a superior civilization that Sinicized the indigenous peoples, making China one homogenous people. If this is the case, why even raise the issue of breakup?

One reason is that China cannot escape the global tendencies of the information revolution and the rise of soft technologies. In China, as in Lombardy in Italy, Quebec in Canada, the Breton region of France, Punjab in India, or in the southern states of Brazil, there is an extraordinary resurgence of communalist, or shared identities. There is a desire for a new nation state as people imagine that they would be better off without a useless, corrupt, tax-taking, distant, central government bureaucracy. That is precisely how the rulers in Beijing are popularly characterized in China. They know it and they fear the consequence: a breakup of China.

The new international economy based on technologies that can instantaneously penetrate borders welcomes an international culture that subverts Confucianism-Leninism throughout China. Pocket-size shortwave radios pick up BBC and Voice of America Chinese-language broadcasts, and television satellite dishes are turned toward Taiwan and Hong Kong. The Mao-era national center founded on a monopoly of information and economic autarky is dead, although China's rulers still engage in a fruitless struggle to keep out so-called cultural pollutants from abroad.<sup>1</sup>

Because China's leaders are worried that the country could split apart, they have mounted a propaganda campaign against it. Almost no day goes by without lead stories in the media calling attention to the chaos, killings, and decline that accompany ethnic and nationalist strife around the globe, from the former Yugoslavia and Soviet Union to Northern Ireland, Germany, Czechoslovakia, India, and Africa.

Regional communal identities in China have grown so strong so rapidly that most Chinese are genuinely worried

that the toppling of the Leninist dictatorship in Beijing would lead to the disintegration of China, a disintegration in which they would suffer all the privations, pains, and terrors associated with hate-filled civil strife. Anxiety, not affection, holds China together at the end of the twentieth century. The Chinese do not want to end up like the Lebanese or Somalis or Yugoslavs. But can fear long serve as a national glue?

## THE TWO CHINAS?

The central government in Beijing contends that China's post-Mao economic success, understood as an integral part of East Asia's phenomenal growth, is a consequence of the spread of north China's ancient and eternally valid Confucian values throughout East Asia. As the home of these virtues of hierarchical authority, thrift, education, family, hard work, respect for seniors, and submersion of self for the larger good, China, its rulers believe, will surpass the other East Asian countries and become the largest economy in the world by the early twenty-first century. In this vision of the future, the Chinese people will take great pride in a respected, militarily powerful, and politically active nation that will keep Asia free from Japanese or extra-regional domination. China will be the new global center. Such is the nationalism promoted by rulers in Beijing.

This authoritarian, militarist, Confucian nationalist project of the north is challenged by a vision emanating from the dynamic metropolises of south China. The south's alternative to the north's military authoritarianism imagines an open, confident Greater China. (The World Bank has recognized the reality of this project by adding a new statistical category for its collection of economic data, the Chinese Economic Area.) The media inform Chinese that the total investment capital available in mainland China, Taiwan, Hong Kong, Macao, and Chinese communities in Southeast Asia is greater than the foreign exchange reserves available to the Japanese. The south's Greater China, a China that crosses borders, is successfully and fearlessly open to the world. It is a China that celebrates a multiplicity of religious sects and world views, one not constrained by the anachronisms of northern Confucianism, with its denigration of the young, the female, and the commercial—and one not manipulated and glorified by self-serving, parasitic northern bureaucrats. The southern project is not afraid of multiple communities of identity.

Central to the south's vision of a new Chinese national identity is the conviction that the Leninist regime, rather than being admirably responsible for successful post-Mao economic growth, is increasingly an obstacle to China's continuing development. The rural economy was freed not by a decree from Beijing that wisely decollectivized agriculture—as the foreign press has portrayed it—but by local people taking advantage of a small opening and a weakened state apparatus resulting from traumatic Mao-era campaigns. Together these allowed Chinese far from the reach of the center to get around the system. Innovative and entrepreneurial Chinese did so well, despite the rulers in Beijing, that the old fashioned time-servers in the capital

finally had to legalize much of what had succeeded so brilliantly in diverse localities.

Reform, however, still has far to go. The old system lingers, a potentially malignant cancer. The frightened old men who rule from Beijing have not legalized private property, and the corrupt Leninist apparatus enjoys the fruits of not permitting peasant households to rent, buy, or sell land. Instead, when a family member dies, moves out, marries in, is born, or finds work elsewhere, permission must be sought from the all-powerful, arbitrary, local village party boss for changes in land allocation, as well as in the imposed state quotas for farm products to be delivered to the state at ridiculously low prices. Consequently, villagers hate the exploitative powerholders. Their belief that an oppressive system remains in place and that a new world is not in the offing is the view of most Chinese. This perspective delegitimizing the claims of Beijing is captured in the poetry of Bei Dao:

The Ice Age is over now.  
Why is there still ice everywhere?

## PEEKING INTO THE ABYSS

Though the government in Beijing and its reactionary authoritarian project are ever more illegitimate, and a southern-based, open image of a Greater China ever more legitimate, no one in China calls for the country's breakup. If the nation disintegrates, it will be because the southern project fails to encompass the communalisms of language, region, religion, and ethnicity that are exploding everywhere.

In fact, one attractive feature of the more open southern world view is that it seems capable of attracting yet more Chinese so that China is not limited to *Zhongguo*, a Chinese state on the mainland, but is open to *Zhonghua*, all who identify with a Chinese nation, including overseas Chinese. If the south's project is a supra-nationalism that is appealing because it is, in part, a super nationalism, why then raise the question of a breakup of China?

Part of the answer lies in the global technological forces undermining the center's control. In addition, in reforming Leninist systems, or in post-Leninist regions, centrifugal tendencies rooted in past and present history are also tremendously reinforced by the economics that accompany reform of the system. Enterprises and regions are thereby empowered, and the economically irrational statist command economy is undermined. Each region then tries to collect its own taxes for local investment and competes against every other region. Unless a new nationalism can re-integrate all China's diverse communities, then disintegration threatens.

Communist identities and conflicts are heightened by the experience of the Leninist system's inhumanity. In China as elsewhere, communities tied to the capital benefited by keeping down other communities. Local community members therefore view themselves as having martyrs and as having survived because they helped each other out in the face of the alien Leninist system, seen as a foreign,

Russian, or Western imposition. The rulers are "them"; the local community is "us." These numerous local communities could become proto-nationalisms as people seek revenge against rulers or release from domination.

China is also experiencing an explosion of communalist identities down to temple sects, secret societies, and lineage associations. Violence and the potential for violence among such groups seem pervasive. An unintended consequence of perverse Leninist irrationalities is that all groups believe themselves to be victims, and find all the rest to be unfairly privileged. Even Tibetans will not be seen as sufferers. Instead, they and other victims of the regime will be imagined as wastrels who have been given subsidies that keep the rest needlessly poor.<sup>2</sup> The irritation among localities has led to the widespread fear that hate-filled, bloody chaos could engulf the country. It is this fear that Beijing relies on for China's continued stability.

The conservative ideologues who rule China are very conscious of and concerned about these disintegrative forces. They are well aware that the idea that China is one homogeneous people with a shared culture is nonsense. In fact, what they see everywhere are the differences. Communities mourn differently. They prefer different teas. Cuisines are regional. Most important, it is not even obvious now that Chinese share a culture since they view each other as speaking different languages. Northerners who travel to the south increasingly are confronted by Cantonese who speak Cantonese and Shanghaiese who speak Shanghaiese. Outside the Beijing region, the Mandarin language (the administrative language of the old empire) is treated like an alien tongue. Northerners complain that they feel as if they are in a foreign country when in southern communities.

Reactionaries contend that only by stepping up Confucian socialization and increasing propaganda for Marxist-Leninist socialism can China overcome its ever more powerful diversities and remain unified. These hard-liners clearly do not believe that fear of chaos will prove to be the glue that holds China together. But can they woo outraged communities to ancient verities and a discredited ideology?

## THE SEDUCTIVE SOUTH

The conventional wisdom has it that the conservative north will win out against the dynamic south because the southern coastal regions have zoomed ahead so fast that the rest of China, resenting the south's wealth, will join together against the region. In this view, most Chinese will respond to the Confucian language of reciprocity and the socialist appeal of economic equality, and therefore unite with the dictatorship in Beijing as it taxes the south, redistributes the region's wealth, and keeps military power out of southern hands. The south would become a milch cow for a united nation, not a harbinger of a new nation or nationalism.

<sup>2</sup>Edward Friedman, "Ethnic Identity and the De-nationalization and Democratization of Leninist States," in M. Crawford Young, ed., *The Rising Tide of Cultural Pluralism: The Nation State at Bay?* (Madison: University of Wisconsin Press, 1993), pp. 222-241.

But there is much evidence that most of China identifies more with the south's project than with the north's. In the hinterlands, museums have been redone that re-imagine these regions to be in conflict with Beijing's idea of Chineseness; local people are not part of a Chinese nation working to resist the penetration of foreign ideas, as the ideologically purist, Confucianist-Leninist north would have it. They instead see the local community, and all of China, developing because of open international exchange from the ancient Silk Road to the glorious civilizations of the Mediterranean, the Nile, the Tigris and the Euphrates, and because of a welcoming of Buddhist religion and sculpture. (The south coastal city of Changzhou claims to be the most Chinese city because it has had the longest continuous history of trading overseas.)

In addition, people living in the hinterlands are all too aware that they suffer when they are forced to accept Beijing's state-imposed low prices for their raw materials instead of the south's significantly higher world market-oriented prices. One should not underestimate the large extent to which those in the hinterlands also identify their future and all of China's with the southern project.

In reality, the economically dynamic south has become the source from which China is increasingly being re-integrated as an entity. Thirty percent of Hong Kong's currency already circulates inside China. The Cantonese language and southern styles, songs, and customs are spreading north, as is southern investment. Workers come for jobs in the south, send money home from the south, and eventually return with a southern nest egg and a southern tongue. The rise of the south is experienced as benefiting all local communities. It, in contrast to the north, is imagined as friendly to the new communalism.

Before the Cultural Revolution ravaged its economy, Shanghai was seen by Chinese as the best place in the country in which to live. In the late Mao era, with everything decided by narrow political interests, Beijing was viewed as the place that had the greatest opportunities for a good life. But now, in the post-Mao reform era, Chinese pollsters find that people want to live in their own community, with that community enriched by cultural and economic ties to China's future: the Greater China of the southern project. The old center, it would seem, cannot hold.

## A REVISED HISTORY

China's rulers and many foreign analysts contend that the Leninist state is still embraced as the beloved savior of the motherland from Japanese invaders during World War II. The People's Republic is Chinese patriotism incarnate. Profound experiences such as China's war of resistance are seen as having established a difficult-to-change nationalist identity that benefits the government in Beijing, the heir of the liberation struggle. This deep nationalism is said to make for continuity and stability in China in contrast to Eastern Europe, where Leninism was supposedly merely imposed by the Red Army, and thus lacked a nationalist bond to hold the loyalty of the people.

But this concept of Chinese exceptionalism ignores the



powerful forces that delegitimize even a nationalistic Leninist system, as in Albania, Mozambique, or Russia itself. The failures of Leninism foster an experience of lost time. A growing number of Chinese see the Mao era as one where time stood still, continuous with the outmoded empire. The People's Republic was not, and is not, believed to have succeeded as a modern nation. M.I.T. Political Scientist Lucian Pye has been virtually isolated in his insistence that

China is really a civilization pretending to be a nation-state. . . . China today is what Europe would have been if the unity of the Roman Empire had lasted until now and there had not been the separate emergence of the separate entities of England, France, Germany and the like.<sup>3</sup>

Pye's view is similar to the long-mocked, but ultimately accurate voices in the field of what used to be Soviet studies, who found the Soviet Union to be the Russian empire refurbished—in other words, a prison house of nations, a political entity that could not hold up against the strong and unyielding urge for independence by diverse communities. Is Pye not right then that China—like Russia, Ethiopia, and Yugoslavia—is an empire that cannot survive growing regionalist communal identities?

Manifest evidence of this coming Chinese identity transformation can be found in the vicissitudes of anti-Japanese nationalism. By the 1990s, Chinese in the northeast saw their rewoven ties to the Japanese economy as a happy return to pre-Leninist growth that had been unfortunately interrupted by economic stagnation and the cultural disruption of Beijing's Leninism. The ruling groups in post-Mao China claim credit for having won beneficial economic ties with Japan, including large aid packages and generous loan terms. Those outside these groups see instead a government selling out to Japan for its own narrow, selfish interests, such as the corrupt deals that enrich the children of the elite but do not benefit Chinese people.

Indeed, Chinese increasingly imagine themselves as a long suffering people who have been continuously betrayed by leaders who did not insist on a large indemnity for Chinese victims of the Japanese massacre in Nanjing or for Japan's Nazi-like medical experiments on Chinese in the northeast, or for the millions of other Chinese victims of Japanese rape, pillage, and slaughter. The anti-Japan slogans that have accompanied virtually every democratic movement in post-Mao China should be understood as anti-regime manifestations, a way of expressing the senti-

ment that today's rulers of the Chinese state are in fact traitors to the Chinese nation. *Zhongguo* is suspect today; *Zhonghua* is the real and future China. A new notion of nationalism, or nationalisms, has already largely replaced the bond that once held Mao-era China together. The old anti-Japanese nationalism has been re-imagined so as to discredit the regime in Beijing.

This delegitimation of anti-Japanese Leninist Confucianism appears in another form when people note that the Soviet troops that invaded northeast China in 1945 at the end of World War II also raped and pillaged. China's Communist dictators covered up their crimes, ignored the suffering of the Chinese people, and allied with the enemies of the Chinese people, again for the benefit only of the party's elite. The new thinking holds that Beijing welcomed Russian rapists and forgave Japanese rapists. Such a regime must be illegitimate; it cannot represent the best interests of the Chinese nation.

This reevaluation, which no longer credits China's rulers for saving the nation in an anti-Japanese war of liberation from imperialism, has gone so far that Chinese scholars can now ask even of Wang Jingwei, previously conceived as China's Pétain and considered the ultimate traitor for having gone over to the Japanese during the war, what alternative did he have? Moreover, the victory of Mao's side is no longer understood as a deep expression of Chinese nationalism. Leninist rule instead seems a mere contingent event, made possible only by external forces such as America's defeat of Japan. Mao thus was lucky; Wang was not wrong.

In another similar and fundamental transvaluation of nationalistic identity, it once was obvious that China's Communists were the carriers of the patriotism of the Ming dynasty, which had overthrown a foreign Mongol imperialism, only to be defeated by the tragic, foreign Manchu conquest. The modern drive to free the Chinese from Manchu rule was often sloganized as restoring the Ming. Patriotism was the Ming, treason the Qing.

Yet by the 1990s Chinese scholars were defending Ming collaborators with the Qing dynasty Manchus.<sup>4</sup> It turns out that the Ming rulers, predecessors and surrogates for the Communist dictatorship, were disasters for the Chinese people. In such a situation, patriots can and must reach out to ally with any groups, even beyond China, to save the Chinese people from parasites parading as patriots.

The Chinese writer Xiao Qian likens the nation to an organism that is murderously sick, its body full of deadly poisons and suffering from constipation. Only diarrhea can get the poisons out; even though this would leave the body weak, it is a price worth paying to escape the continuing tragedy of entrapment in one's own poisons. In short, the militarized, anti-imperialist appeal to a nationalism based on sacrificing everything for military power—as with the Opium War, the Boxer Rebellion, and the anti-Japanese war—is rejected.<sup>5</sup>

In like manner, Zhou Bo, in the February 19 edition of the Shanghai newspaper *Wen Hui Bao*, rejects maintaining Mao's militarized anti-imperialism to ward off evils such as those the British brought in during the Opium War.

<sup>3</sup>Lucian Pye, "How China's Nationalism Was Shanghaied," *The Australian Journal of Chinese Affairs*, January 1993, p. 130.

<sup>4</sup>Wang Hongzhi, *Hong Chenchou zhuan* [Biography of Hong Chenchou] (Beijing: Red Flag Publishing House, 1991).

<sup>5</sup>Yi Yueh, "On Diarrhea, Constipation, and Reform—Xiao Qian's Three Political Allegories," *Dangdai* [Contemporary], no. 23 (February 15, 1993).

Instead, rulers who isolated China are blamed for making China vulnerable and backward. Only "open dynasties such as the Tang and Yuan" brought real "national strength and dignity." Pride in a Chinese Ming defeat of foreign Mongols of the Yuan is an error. Parochial arrogance makes for an empty patriotism that kept Chinese impoverished.

Instead of stubbornly clinging to Mao's world view, one should note that Chinese who risked their lives to flee to Hong Kong from coastal Guangdong province in the Mao era, now, in an era of maximum openness in south coastal Guangdong, are trying to return home. It was the Guangdong patriot Sun Yatsen who, in the nineteenth century, likewise understood how to revive the nation. The choice for patriots, then, is isolation versus openness, the nativism of the Ming, the Qing, and Mao, or the openness of the Mongols, the Yuan, and Sun Yatsen. A Chinese patriotism that promotes the Mongol Yuan dynasty and has nothing good to say for the fighters of the Opium War expresses an extraordinary transvaluation of values. It regards the proud Confucianist-Leninist authoritarianism of the late twentieth century north as heir and purveyor of empty slogans and real poisons that have kept China poor for centuries and still block a full, albeit painful, opening to what can again make all Chinese prosperous—and again make China a great civilization.

To the extent that the notion of a Greater China as an alliance of *Zhonghua*—a coming together of Chinese who escaped the shackles of Leninism by going to Hong Kong, Taiwan, Macao or Southeast Asia—allows successful economic competition with Japan, the southern project seems most attractive to patriotic Chinese who are still working out their identity in opposition to a successful Japan, but who no longer see China's Leninist dictators as real or successful opponents of the Japanese threat. The increasingly legitimate counter to Japan is the economic power of a southern-based Greater China.

Yet however much southern consciousness spreads, it need not win out. If the lessons of other post-Leninist states

have significance for China, they suggest that it will not be easy to knit together a new, democratic confederation of peoples identified with diverse communalist concepts of language, region, and culture legitimated in the wake of Leninist decline. If those lessons from elsewhere hold, Leninism has so poisoned communalist identities that demagogues who can find a popular response to appeals to hates of other communities will likely emerge. That was already the reality of the late nineteenth century Qing dynasty and the early twentieth century republic when the center could not hold and warlords, gangs, and regional satraps violently ruled and ravaged China. It is a frightening alternative to the discredited regime in Beijing. But it may well be what is simmering just below the surface in the boiling cauldron of angry communalist identities:

During the Qing, inter-ethnic conflicts... became common between Han and Muslims, Hakka (a minority group of south-east China) and Hoklo (Hokkien-speaking Chinese), and Hakka and Punti (native Cantonese). Ethnic feuds strove to "clear the boundaries" by ejecting exogenous groups from their respective territories. Such ethnic clashes could be extremely violent: a major conflict between the Hakka and Punti in 1856–67 took a toll of 100,000 victims.<sup>6</sup>

Other outcomes, of course, are possible. The southern project could integrate a more open polity. Still, tough northern chauvinists could win out in vicious combat. It is also possible to imagine a succession crisis temporarily resolved by the choice of a regional leader as head of state who is committed to the southern project but who is not from the south coastal area. This could legitimate regional representation and serve as a step toward eventual democratization. Such a course is imagined in China as a gradual but inevitable process, akin to the one that has supposedly already transpired in Taiwan and South Korea. It is taken as the happily shared project of Greater East Asia.

The future is unknown, open, and uncertain. Whatever it proves to be, it will require grappling with the forces that could precipitate the breakup of China. ■

<sup>6</sup>Frank Dikotter, *The Discourse on Race in Modern China* (Stanford: Stanford University Press, 1992), p. 70.

China is among the nations of the world with a large Muslim population and, as Dru Gladney writes, the country's Muslims "have influence disproportionate to their numbers" when it comes to China's foreign relations with Central Asia and the Middle East. Secessionist urges are being expressed in the regions with large concentrations of Muslims and Beijing has taken notice.

## The Muslim Face of China

BY DRU C. GLADNEY

*The Uyghars are one of th[e] age-old nations on tha[t] long hestory and a civilization of the lo[n]g standing in the big family of the Chinese nation. During the long course of history, the Uighurs have achieved a number of immortal outstanding material civi[li]zation and splendid national cultural in the world arena.*

*When you look attentively at the land full of great joy mystery and wo[n]der, your imagination will be folled with beautiful and charming rings of light. The industrious people of Upar's . . . tasty dishes varied and colorful wedding and funeral customs make a full-show of its distinctive national features. Their dance, musical fo[r]ms. . . horse racing maxcep dance, wrestling and buzhash have distinctive flavour. . . Upar is the hometown of Mohammed Kashgerry who was the great linguist in the eleventh century. Here the man of insight and diligent people are trying to go forward and make unceasing progress in order to open up a new cultural road along the foot of the old generation under the banner of carrying forward the cultural heretage.*

So reads the English portion of a sign also in Chinese and Uyghur that visitors encounter at a museum on the grounds of Muhammad al-Kashgari's tomb, 90 miles southwest of Kashgar, on the Karakorum highway leading to Pakistan, in the Xinjiang Uyghur Autonomous Region. Apart from the sign's linguistic peculiarities—it is a fairly literal translation of the Chinese, as is the Uyghur—the text shows what Muslim minority nationalities in China today

are working against as they struggle to define themselves in the face of Chinese state control.

The sign's first sentence asserts historiographic and political control: The Uyghur are noted as a nation with a long past in "the big family of the Chinese nation." The text goes on to stress the colonization of culture: "When you [the reader, tourist, subject of state?] look attentively" at the Uyghur, you will be filled with wonder at their colorful culture, as evidenced by the Uyghur singing, dancing, food, and customs displayed in the course of every standard tour package to Xinjiang and along the ancient Silk Road. Then one gets a glimpse of the socialist vision of progress that informs China's nationalities policy: Muhammad al-Kashgari is eulogized and celebrated in a museum because he is one with the "diligent people" who are "carrying forward the cultural heretage." That the Chinese message is duly translated into Uyghur and English (few of even China's major museums have signs in anything other than Chinese) signals the importance the state places on this rather schematic information. But what is remarkable about the sign is what is left out: There is no mention of the Communist party and Chinese socialism, much less Marxist-Leninist-Mao Zedong Thought, as they relate to the history of the Uyghur of Xinjiang.

These three aspects of China's policy toward the other Muslim minority groups in the country—Chinese historiography, cultural colonization, and progressive nationalism—illuminate the issues confronting these groups. They also reveal the role of the state in both controlling and, in a reversal of Benedict Anderson's phrase, "re-imagining" its subject peoples—suggesting the prominent part the state plays in shaping national identities.<sup>1</sup> But recent events indicate that shifts in relations between countries and changing local conditions can lead to resurgent identities that the state must consider and in some cases tolerate if it wants to pursue development and modernization. This is particularly true for China's Muslim minorities, who not only are concentrated in regions bordering the new states of Central Asia but also figure in China's growing trade with the Muslim Middle East.

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DRU C. GLADNEY is an associate professor of Asian studies at the University of Hawaii and a research fellow at the university's East-West Center. The author's travel to Xinjiang this May and June was funded by the American Research Institute in Turkey. His publications include *Muslim Chinese: Ethnic Nationalism in the People's Republic* (Cambridge: Harvard University Press, 1991).

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<sup>1</sup>See Benedict Anderson, *Imagined Communities* (New York: Verso, 1991).



## DEFINING CHINA'S MUSLIMS

The main theme running through the extensive state-supported literature on China's Muslims—there is no non-state, free press in China—is that they are *China's* Muslims. *Jian shi* (brief histories) for each of the 10 official nationality groups that are primarily Muslim stress the groups' long-standing membership in the Chinese nation. For example, the *Brief History of the Hui Nationality* emphasizes the long history of the "Hui nationality" in China, although the term "Hui" traditionally referred to any Muslim, inside or outside China; moreover, the Hui did not become a "nationality" until the Nationalist and Communist governments identified them as such.

According to the reasonably accurate 1990 national census, China's Muslim population made up 17.6 million of China's 1.04 billion people. The census found that there were approximately 8.6 million Hui, 7.2 million Uyghur, 1.1 million Kazakhs, and 375,000 each of Dongxiang and Kyrgyz. There were also some 88,000 Salar, 33,500 Tajik, 14,500 Uzbek, 12,000 Bonan, and 4,873 Tatars. It is important to note, however, that the Chinese census, like the American, registered people by nationality rather than religious affiliation, so the actual number of Muslims in the country is still unknown; there may be Muslims who do not belong to any of the 10 recognized "Muslim" nationalities among the majority Han ethnic group or non-Muslim nationalities, as well as non-Muslims among the Muslim nationalities.<sup>2</sup>

The Hui primarily speak Chinese languages; the Uyghur, Kazakh, Kyrgyz, Uzbek, and Tatar speak Turkish tongues; speakers of mixed Turkic-Mongolian languages include the Bonan, who are concentrated in Gansu province's mountainous Hexi corridor; and the Tajik use a variety of Indo-Persian dialects.

The Hui have been labeled "Chinese-speaking Muslims," "Chinese Muslims," or "Sino-Muslims." But this is misleading, since all Muslims living in China are by law

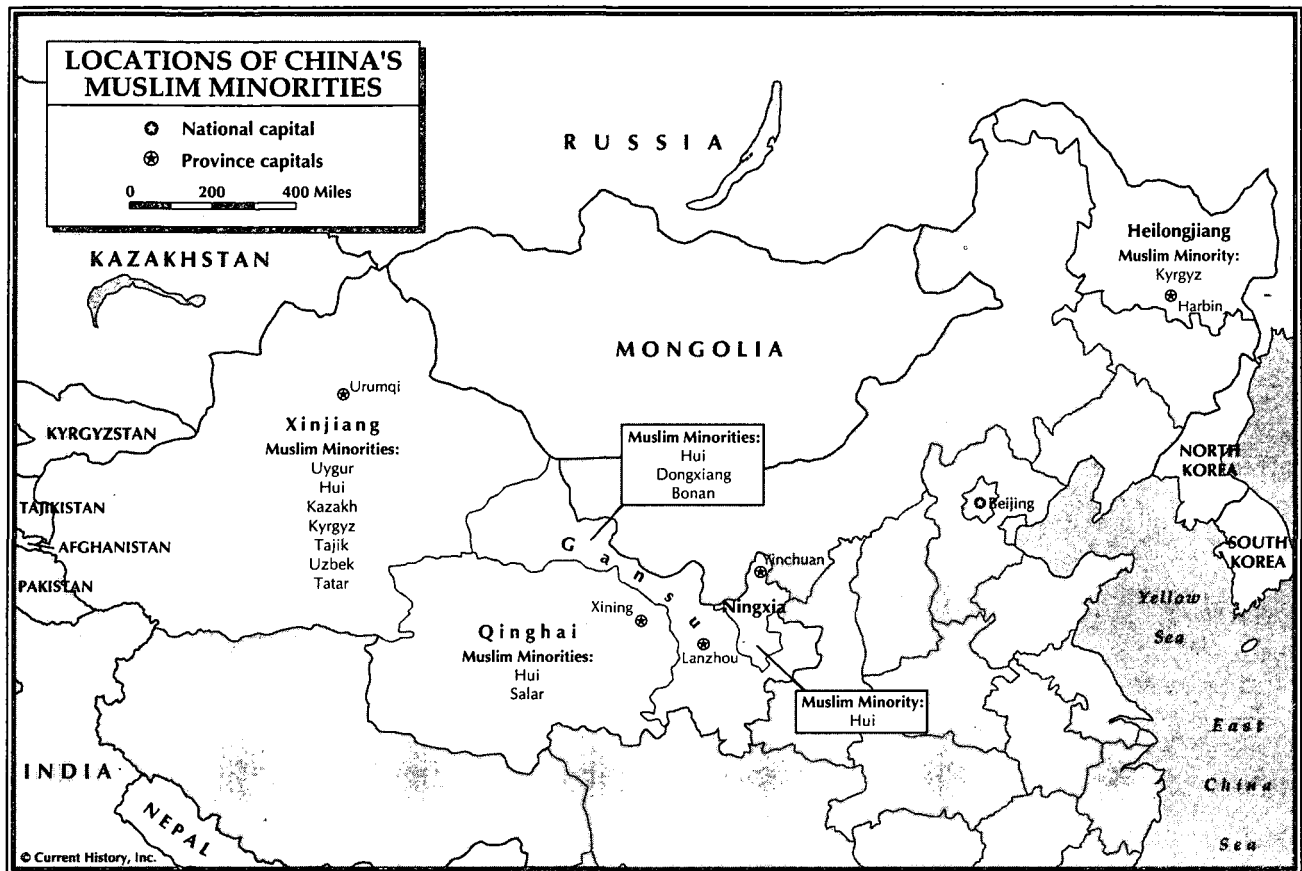
"Chinese" citizens, and because substantial numbers of Hui speak only the non-Chinese dialects of the lands where they live, such as the Tibetan, Mongolian, Thai, and Hainan Muslims. The Hui are unique among the 56 officially recognized nationalities of China in that religion (Islam) is their only unifying category of identity. They have no common language and live in virtually every city and town across China; they also have one autonomous region (Ningxia), two autonomous prefectures, and nine autonomous counties.

Yet most Hui are closer to the Han Chinese than the other Muslim nationalities, both in terms of demographic proximity and cultural accommodation; in fact the Hui's adaptation of many of their Islamic practices to Han ways of life over their 1,200-year history in China has been a target of the criticisms of Muslim reformers. The Turkish and Indo-European Muslim groups were traditionally more isolated from the Han and their identities therefore not as threatened, though this has been changing since the Communists came to power in 1949. And state-sponsored nationality identification campaigns over the last three decades have led all these groups to begin to think of themselves as ethnic nationalities, something more than just "Muslims."

The succession of Islamic reform movements that has swept across China over the last 600 years has resulted in a wide spectrum of religious beliefs among the country's Muslims. Discoveries of large collections of Islamic artifacts and ancient inscriptions along the southeast coast suggest the earliest Muslim communities in China were descended from Arab, Persian, Central Asian, and Mongolian Muslim merchants, militiamen, and officials who settled in the coastal southeast between the seventh and the tenth centuries. There were larger migrations to northern China from Central Asia under the Mongols and the Yuan dynasty in the twelfth to fourteenth centuries, and then gradual intermarriage with the local Chinese, with the children of these unions raised as Muslims. With most practicing Sunni Islam and adhering to the Hanafi rite that predominates in most of the former Ottoman Empire, they lived in small, independent communities—usually either relatively isolated villages or urban enclaves—clustered around a central mosque. These communities related with each other through trading networks and recognized their mutual membership in the wider Islamic *umma* (community or nation of believers).

China exerted firm political control over the northwest frontier only in the mid-eighteenth century, when the Qing dynasty general Zuo Zongtang's conquest of the Mongolian Zunghars, who had dominated affairs in "Chinese Turkestan" since the Yuan dynasty, led to the beginnings of Chinese colonization of the region. Before this, Central Asia had been intermittently under the control of Chinese frontier outposts whose soldier-farmers were often locked up inside their walled fortresses and irregularly supplied from the center. When the central state declined, so did its outposts; even the expansion-minded Qing empire lost con-

<sup>2</sup>The 1990 census gives a substantially clearer picture of minorities in the country than had previously been available, showing a total for members of the 56 official nationalities of 91.2 million, or just over 8 percent of China's population. This shows a population growth rate of 35.5 percent among minorities since the last census in 1982; the growth rate for the majority Han ethnic group during this same period was 10 percent. Some Muslim minorities posted large increases: about 19 percent for the Hui, 21 percent for the Uyghur, 22 percent for the Kazakhs, and 24 percent for the Kyrgyz. These growth figures, however, must not be seen as reflecting natural population growth; the increase stems from the reluctance of many Muslims in 1982 to register as minorities for fear of persecution. Deng Xiaoping's reforms have finally persuaded Muslims to admit membership in the registered Muslim minority groups, although the Uyghur Muslims frequently complain their numbers are deliberately underrepresented.



trol over Xinjiang during the Yakub Beg rebellion of 1864–1877. Central Asia, which was thoroughly Islamized by the sixteenth century, remained under provisional Chinese control into the twentieth century, but its Muslims were generally isolated from the Chinese mainstream. Until the growing migrations of the mid-nineteenth century into and out of East Turkestan, it was the Hui who mediated between Islam and the rest of China.

Sufism, or Muslim mysticism, began to have a substantial impact in China proper in the late seventeenth century, arriving mainly along the Central Asian trade routes with saintly *shaykhs*, both Chinese and foreign, who brought new teachings from the pilgrimage cities. These charismatic teachers and tradesmen established widespread networks and brotherhood associations in China, most prominent among them the Naqshbandiyya, Qadariyya, and Kubrawiyya. While the Uygur of the oases engaged in Naqshbandiyya power struggles under the banners of the so-called White and Black Mountain factions, the Sufi networks among the Hui aided mobilization during economic and political crises through the seventeenth and nineteenth centuries; the Hui lent assistance to Muslim-led rebellions and resistance movements against late Ming and Qing imperial rule in Yunnan, Shaanxi, Gansu, and Xinjiang. After the 1912 Nationalist revolution, broad areas of the northwest came under the virtual control of Muslim warlords. Conflict among Muslims and between Muslims and the Han were frequent until the eventual Communist victory led to the reassertion of central control.

Many Muslims supported the earliest Communist call for equity, autonomy, freedom of religion, and recognized status for nationalities, and were active members of the establishment in the young People's Republic. But beginning in 1957 they became disenchanted by rising criticism of religious practice during several radical periods. During the Cultural Revolution, Muslims became the focus of nationalist criticism of both religion and ethnic minorities, leading to widespread persecution, mosque closings, and at least one large massacre in which 1,000 Hui were killed following a 1975 uprising in Yunnan province. Since paramount leader Deng Xiaoping initiated reforms in 1978, Muslims have sought to take advantage of more liberal economic and religious policies, while keeping a watchful eye on the swinging pendulum of Chinese radical politics.

Independence movements in Xinjiang and other border regions have been encouraged by the establishment of independent Central Asian states (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan) with the breakup of the Soviet Union, yet also alarmed by the economic, political, social, and religious crises facing these largely Muslim nations. While further restricting Islamic freedom in the border regions, China has at the same time become more keenly aware of the importance foreign Muslim governments place on China's treatment of its Muslim minorities as an issue influencing lucrative trade and military agreements. The increased transnationalism of China's Muslims will be an important factor in the expression of their ethnicity, as well as the accommodation they make to Chinese

culture and state authority. It will also link them more closely to peoples and Islamic visions distant from China.

## AWARENESS, MONEY, AND UNREST

Far beyond its borders, China is now recognized as a nation with a significant Muslim population. With nearly 18 million Muslims, it ranks among the countries with the most Muslim inhabitants. And though its Muslim population is less than 2 percent of the country's entire population, and seems insignificant when one looks at the vast numbers of Muslims in other Asian nations such as Indonesia, Malaysia, and Pakistan, the Muslims of China have influence disproportionate to their numbers. In China's domestic and international politics, their role goes far beyond the state's frequent depiction of them as the "cultured colonials" portrayed at the museum at al-Kashgari's tomb.

As one of the five permanent voting members of the UN Security Council and a significant exporter of military hardware to the Middle East, China has become a player in Middle Eastern affairs. Since the decline in trade with most Western nations after the 1989 Tiananmen massacre, the People's Republic's Middle Eastern trading partners—all of them Muslim, since China did not have relations with Israel until recently—have become considerably more important. China established diplomatic relations with Saudi Arabia in August 1990, capping the first direct Sino-Saudi exchanges since 1949; Saudi Arabia canceled its diplomatic relationship with Taiwan, withdrawing its ambassador, despite a lucrative trade history. In the face of a long friendship with Iraq, China sided with the majority of Middle Eastern nations in the 1991 Persian Gulf War although it abstained from voting on the UN resolution that authorized "all necessary means" to force Iraqi troops from Kuwait—

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<sup>3</sup>Lillian Harris argues that China has forfeited its chances of participating in the rebuilding of Kuwait because of its abstention from the vote over the UN resolution, and that it has missed an opportunity for extending its influence in the Middle East. Yet China has continued to work hard not only to keep channels open to Iraq for future trade opportunities, but also to preserve its position in the region as a cheap source for low-grade conventional arms and reliable labor. In the fall of 1990, President Yang Shangkun made a six-country trip to the Middle East to explain China's position on the conflict, to dispense cheap arms, and (in a surprise move) to donate the Egyptian International Conference Center in Cairo's Heliopolis district, built at considerable expense over the previous three years by Chinese construction companies. See Harris's "The Gulf Crisis and China's Middle East Dilemma," *Pacific Review*, forthcoming.

<sup>4</sup>Fereidun Fesharaki, head of resource programs at the University of Hawaii East-West Center, says that China imported only about 70,000 barrels of Middle Eastern oil a day last year, but is anticipating purchases of between 600,000 and 1.5 million barrels daily by the end of the decade, becoming a net oil importer by 1994. China has also agreed to build two 300-megawatt nuclear power stations in Iran—for "peaceful purposes."

which makes it unlikely Chinese workers will be welcomed back into Kuwait.<sup>3</sup> China enjoys a fairly "Teflon" reputation in the Middle East as an untarnished source of low-grade weaponry and cheap, reliable labor. Recent press accounts have noted an increase in Chinese exports of military hardware to the Middle East since the Gulf War, perhaps to balance growing imports of Gulf oil required to fuel China's overheated economy.<sup>4</sup> Thus China can ill afford to ignore its domestic Muslim voices.

Additionally, Muslims in China are concentrated in the northern and northwestern regions bordering Mongolia, the former Soviet Union, Afghanistan, and Pakistan. Though fewer than 10 percent of China's population lives there, the area comprises more than 60 percent of the country's landmass. Han Chinese migration has in the last few years begun to shrink Muslim numerical supremacy in these regions—the Han population in Xinjiang had reached 49 percent, according to the 1990 census—but the Muslim presence is still distinctly felt. In addition, the vast majority of China's oil, mineral, and nuclear power resources are in the northwest. The opening of the Pakistan-China Karakorum highway in May 1986, the establishment of a direct air route between Xinjiang's capital of Urumqi and Istanbul in 1988, and the completion of the Sino-Soviet Trans-Eurasian Railway through Central Asia in October 1990 have led to dramatic surges in the movement of people, goods, and hard currencies. The markets in Kashgar and Urumqi now have special "Russian Goods Sections" for bulk goods such as cloth, cotton, steel, and fencing that have been trucked in and sold to private entrepreneurs, who then sell them to small industries in the region or elsewhere in China. Admission to the enclosed markets is 5 yuan (\$1), and one Uygur in the long queue told me if you knew the right people you could buy anything from Russia you wanted in the market, including a Kalashnikov rifle, jeep, or even a tank.

Muslim unrest in the border regions, including several short-lived but notable instances in December 1986, June 1988, May 1989, and April 1990, concerns state planners in Beijing. The protests of many of China's Muslims in May 1989 against a Chinese book they claimed was as offensive to them as Salman Rushdie's novel *The Satanic Verses*, indicated new levels of coordinated Islamic activism. Muslims from Beijing to Xian to Urumqi organized marches, met with government leaders, and succeeded in having the book banned, the publishing house closed, and the authors arrested. The killing of 22 Muslims by authorities (according to the state press, with unofficial sources reporting between 50 and 60 fatalities) in a small town in the Kizilsu Kyrgyz Autonomous Prefecture in southwestern Xinjiang in April 1990 over an apparent land rights dispute precipitated the closing of the entire autonomous region to foreign journalists and—a serious matter for the local economy—to foreign tourism for more than six months.

In China's consideration of its foreign affairs, Muslims loom increasingly large. Not only is the number of Chinese making the pilgrimage to Mecca growing at a phenomenal



rate, but the flow of Middle Eastern visitors to China has also risen dramatically. Pilgrims bound for Mecca have gone from 19 in 1979 (members of the first state-sponsored group since 1964) to more than 6,000 last year, most of them privately financed; there is no way of determining exactly how many exited China via Pakistan or the Xinjiang–Saudi Arabia–Turkey air route. So many private and state-sponsored foreign Muslim tourists and businessmen are coming to Beijing that the city just opened a four-star “Muslim Shopping Complex and Hotel” on Wangfujiang Avenue, the main shopping arcade, and has declared the Oxen Street Muslim neighborhood a “Muslim United Nationality Cultural District” to attract Muslim visitors.

Several Chinese state-sponsored construction companies that build low-level, inexpensive development projects for third world Muslim nations, such as a sports stadium outside Cairo, the Corniche roadway along the Nile, and the Kenya–Tanzanian highway, employ Muslims from China as translators and “cultural consultants.” These Muslims know how to deal with their fellow Muslims abroad, and can often speak to them in fluent Arabic. Recently several joint state and private “Muslim Construction Corporations” with Hui Muslims at the helm were set up in China to foster development contracts. In the last few years, direct foreign Muslim investment in China has led to the building of Xiamen International Airport and the Minjiang hydroelectric power plant, both in booming Fujian province, as well as several major development projects throughout the northwest. Unexpectedly, the courting of Muslims abroad who might want to invest in China has led to several large donations toward the construction of mosques and madrasas (mosque-schools) in Xinjiang, Gansu, Qinghai, and Ningxia provinces; the Chinese government wants to build factories, while the foreign Muslims often want to raise edifices to Allah.

While exact trade figures are hard to come by, and rarely include military transfers, the International Monetary Fund reports in its 1990 yearbook that between 1982 and 1988 China exported \$2.09-billion worth of goods and services to 14 Arab states and Iran, while importing only \$577-million worth. Yitzhak Shichor in his 1989 *East Wind over Arabia* estimates that before the Gulf War there were nearly 70 special Chinese construction corporations, many of them headed by Muslims, operating in the Middle East, with an average 50,000 Chinese employees working there every year, and a total turnover of \$8 billion. More than 4,000 Chinese workers were said to have been stranded in Iraq after the war began, the Iraqis initially refusing them permission to leave. As many as 10,000 Chinese were working in Egypt at the height of the two countries’ trade in 1985–1987. (Egypt, surprisingly enough, is the proud owner of Chinese-made submarines.)

Many of these projects are coordinated through the China Islamic Association, a state-sponsored agency founded in 1957 to oversee all Muslim affairs, coordinate Islamic publications, train future Islamic scholars and imams, and provide liaison with local mosque communi-

ties. The explosion of exchanges with foreign Muslims in recent years has meant both increased clout for this agency in China’s international policymaking and a decentralization of its authority. Throughout China, Muslims are now building mosques and madrasas on their own initiative and sending more and more Muslims on the hajj with funds from the community. Despite the widespread closures and destruction of mosques in China during the Cultural Revolution, there are now more mosques in the country than there were before 1949. Many of these do not recognize the China Islamic Association’s authority over their internal affairs, citing the freedom of religion clause in the Chinese constitution. More important, local Communist party leaders are loathe to interfere with Muslim activities lest they be accused of discrimination against minorities or harsh treatment of Muslims. Most local cadres would rather ignore minor infractions and wait for the center to step in. But Beijing is a long way from Xinjiang and Ningxia.

## INTEGRATION INTO THE MONOLITH

These last developments underscore the importance the state places on the Muslim minorities, while revealing the diversity of China’s Muslim communities. In the 1950s China embarked on a Soviet-inspired nationalities identification program, recognizing 10 nationalities as primarily Muslim. While the Stalinist idea had been to identify the many nations within the Soviet Union and thereby rouse their revolutionary consciousness in support of the Bolshevik cause, this awakening led to something Stalin never envisioned—a “crystallization” of ethnic identities in what have now become independent nation-states. China, through its emphasis on political integration and cultural diversity, hopes to discourage secessionist aspirations (or to counter them with threats, and warnings of civil chaos conveyed by heavy news coverage of the ethnic problems in nearby Azerbaijan and Tajikistan). Significantly, the Chinese constitution, unlike that of the former Soviet Union, has never allowed for the secession of autonomous districts. Any hints of secessionism are quickly and ruthlessly suppressed as manifestations of “local nationalism,” inimical to the Chinese state.

But a brief look at education among Muslims in China reveals the obstacles to the state’s policy of integration through educational and economic improvement. According to the 1982 census, 0.2 percent of the Uyghur were university graduates, compared to 0.5 percent for all Chinese. Illiteracy among the Uyghur (based on recognition of basic Chinese characters) was 45 percent, with the rest of China reporting a 32 percent rate. This is not surprising, since Han Chinese is a second language for the Uyghur, who grow up speaking their native Turkic language. Predictably, the Hui, who are generally native Chinese speakers, had a higher percentage of university graduates (0.5) and lower, though not substantially lower, illiteracy (41 percent).

At the bottom end of the scale are the Dongxiang Muslim minority who live in Gansu province; they reported no college graduates and an illiteracy rate of 87

percent.<sup>5</sup> Remarkably, the Tatar, a Turkic people living in Xinjiang, reported a university-graduate level of 39 percent and illiteracy of only 9 percent. This anomaly is explained by the fact that the approximately 4,500 Tatars in China are original members or descendants of Tatar intellectual families who fled to China from the Crimea to escape the Stalinist purges. Now almost all of them live in Urumqi, and 23 percent of them are engaged in scientific work as technical staff (compared with 4 percent for all Chinese).

But with the minor exception of the Tatars, non-Chinese speaking Muslims in China suffer from lack of social mobility, partially caused by an educational system that privileges Chinese-speakers. Although the elementary schools in areas where minorities are concentrated are by law bilingual, it has been difficult in recent years to find skilled Chinese-speaking teachers willing to work in schools in poorer districts. Thus in densely populated Uyghur areas such as Kashgar, one hears less and less Chinese in the market, and some youths in their late teens whom I encountered could not communicate in Mandarin at all. When I asked a teacher at the Kashgar Teachers College about this, she told me young Uyghurs would rather learn Urdu than Chinese, because they can earn more money by trading with the Pakistanis.

Although Deng Xiaoping's famous dictum, "To get rich is glorious," is fostering an economic boom throughout China, especially along the southern coast, in areas where minorities predominate it has meant that the pursuit of prosperity has often taken precedence over cultural integration. And while under the Stalinist model of economic and educational development was supposed to lead to national integration, in China's northwest we are beginning to see that development through increased tourism, more

open border trade, and more frequent exchange with the Middle East may lead to growing regionalism and ethnic separatism. Only time will tell whether the Chinese can manage to keep from going down the Soviet road.

Chinese officials are well aware of the potential for ethnic separatism along China's 3,000-mile frontier with Russia and the new states of Central Asia. Yet it is not only the army and propaganda that keep these regions relatively stable. Frequent travelers to neighboring states report that things are much worse there than for co-religionists and members of the same ethnic groups in China. The prevalence of Russian goods and even women at bargain prices in every town along the border strengthens the Chinese government's rationale for national unity. The real question will be whether the new prosperity of the south can trickle up soon enough to the poorer regions of the north and northwest to keep Muslims and other minorities satisfied with what many perceive as a repressive regime that only rewards its own.

In Kashgar on the evening before the Qurban holiday, as the main square in front of the Idgah mosque filled with pilgrims and their strings of sheep ready for the sacrificial slaughter that would turn the streets red the next morning, I squatted on the ground with at least a hundred others listening to an Uyghur storyteller with a long gray beard spin the tale of Hazretti Hali (Ali the Holy One). In his Khotanese Uyghur accent, he told how Ali—one of the first four caliphs of Islam and son-in-law of the Prophet Mohammed—fearlessly defended the faith and conquered new lands for Islam with the famous "sword of Ali." He then noted dramatically that the vast oil wealth of the Middle East belongs now to the Muslims because Ali was bold enough to capture it for them and not leave it to the "infidel" tribes. The Uyghur next to me turned and said in Chinese with a cryptic smile, "You know he's talking about taking back *our* oil from elder brother (*lao da ge*)."<sup>6</sup> He did not need to explain that "elder brother" in minority regions refers to the ubiquitous Han.

Until the benefits of those lands' oil and mineral wealth begin visibly to flow back into the regions themselves, the voices of ethnic and religious separatists will be heard in the bazaars of Kashgar and Turpan. ■

<sup>5</sup>The Dongxiang, concentrated primarily in the Hexi corridor of Gansu, in Dongxiang autonomous township, speak a Mongolian-Turkic language. Studies of Muslim schoolchildren in these areas reveal that illiteracy is twice as high among girls than among boys, since conservative Muslim parents are often reluctant to send their daughters to be educated with boys and would rather have them help out in the household.

# BOOK REVIEWS

## ON CHINA

### *Red Sorghum: A Novel of China*

By Mo Yan. Translated by Howard Goldblatt. New York: Viking, 1993. 359 pp., \$23.00.

Ancestral ghosts advise the narrator to return to the land, the people, and their intertwined history. He replies by producing an earthier, wilder *Man's Fate*, as seen by the peasants in one township in northern Shandong province. And Mo Yan with his first novel rockets to the head of China's "root-seeking" school of literature, inspires an Oscar-nominated film, and reaches the English-speaking world in a powerful translation.

*Red Sorghum*, named for the staple grain that becomes a living force in the novel, is breathtaking. It has the sweep and fecundity of the works of Gabriel García Márquez, with a plot that forges backward and forward in time, magnificent set pieces, and a lush setting drenched with emotion. But unlike Márquez it is firmly of this world. The main characters are two bandits turned soldiers, four strong women, a faithful retainer, and an untried boy, most of them grandparents or parents of the narrator. Viewed almost unbearably close up as they live through timeless moments of high passion, dark comedy, or horror, they loom large as myth but are as fallible as they come. Keenly etched minor characters stand out from the masses for a scene or two and then fade back or die memorable deaths. Every word any of them speaks sounds utterly authentic: "Don't swallow a scythe if your stomach isn't curved," goes a warning against ambition. The details of their daily existence are as dense and frantic with life as the crabs the narrator attracts with a lantern and traps at night by the Black Water River.

Mo sets the majority of his book in the period that embraces the Japanese invasion of China in 1937 and the subsequent war of resistance. The atrocities committed by the Japanese are depicted with graphic precision, up to and including the skinning and butchering of the old retainer while he is still alive, for the edification of the entire village. But the freedom fighters of *Red Sorghum* are hardly selfless defenders of the weak or committed ideologues. Bandit kings who have preyed on rural areas since the fall of the Qing empire suddenly become patriots, with little noticeable change in their behavior. Their feeling for the politics of the situation is profound:

"What would you say if the Communists were in charge?"

Granddad snorted contemptuously out of one nostril.

"How about the Nationalists?"

He snorted out of the other nostril.

Homegrown militias spend most of their careers skirmishing and scheming to get their hands on each other's captured foreign weapons; the bad blood between Granddad, otherwise known as Commander Yu, and Detachment Leader Pocky Leng reaches the level of epic all by itself. Nor does Mo neglect to show the Chinese "puppet soldiers" who collaborated with the invaders. The few youths left in the narrator's home village after a Japanese massacre fight a running battle with wild dogs that makes more sense than their elders' war. The only meaningful objectives come to be survival and revenge.

One sometimes, however, distrusts the immense talent of this young writer (born in 1956), a member of the cultural affairs department of the People's Liberation Army. Freed from some of the political restraints and socialist puritanism under which authors in China have long toiled, Mo can be faulted for reveling in extreme effects, relying too much on violence and sex, and general showing off; thus he establishes his modernism. (The book's epigraph, in which Mo says he will carve out his heart, marinate it in soy sauce, and lay it as a propitiatory offering in a sorghum field, provides an opening example of these tendencies.) And while the artistic impulse behind this work is genuine, Mo nevertheless appears at times to be playing up to segments of the Chinese Communist party, or at least pandering to some ascendant social trends.

Although Mo deflates the idea of a virtuous resistance, the book exudes aggressive nationalism, at least when looking across the water toward Japan. The story basically skips over the Cultural Revolution, which is politic. Mo also puts the seal of approval on new-style entrepreneurship, choosing as the two pivotal characters of this saga of the peasantry the owner of a distillery and a robber of the poor as well as the rich who gave up manual labor in his youth. (The movie, much simplified from the book, takes a more traditional heroic and socialist line.)

The narrator considers his grandmother and remarks, "Surrounded by progress, I feel a nagging sense of our species' regression." Time will show whether Mo is an individual artist and even an agent of change, or simply a gifted "pet rabbit"—a term with which the narrator, feeling stunted by the commendation the establishment has heaped on him, labels himself.

Alice H. G. Phillips

### *Beautiful Imperialist:*

*China Perceives America, 1972–1990*

By David Shambaugh. Princeton, N. J.: Princeton University Press, 1993. 326 pp., \$16.95.

"[S]tates are not abstract entities," David Shambaugh



writes, "they are composed of human beings. . . . [T]o understand the foreign policy behavior of a given nation, one must comprehend the images of those concerned elites who make the policy decisions." In clear and accessible prose, Shambaugh explores this facet of the formulation of Chinese policy toward the United States by analyzing the articulated perceptions, from 1972 to 1990, of China's "America Watchers." From posts in the country's government bureaucracy, research institutes, news agencies, and universities, the America Watchers analyze American domestic and foreign policy for the government and the Chinese people. Acting as the perceptual screen through which representations of America enter China, these analysts in effect construct the ideological framework through which the country's decision makers shape . . . policy toward the United States.

Shambaugh's research consists of an extensive reading of the America Watchers' writings, including a substantial amount of untranslated and *neibu* (restricted circulation) material, as well as interviews with 160 Chinese, about 140 of whom he designates "bona fide" America Watchers. The book begins with two helpful introductory chapters that set the context, then proceeds in the next four chapters to systematically analyze the America Watchers' views of the American economy, society, polity, and foreign policy.

Each chapter is organized according to what Shambaugh sees as the two main schools of thought to which the America Watchers belong: Marxist and "non-Marxist," as he labels them. The Marxists rigidly adhere to Marx's writings and engage primarily in deductive reasoning (that is, "Marx says W or Lenin says Y, ergo this must be the case in the United States"). The non-Marxists tend to employ inductive reasoning and are more likely to apply American systems of analysis, such as neoclassical economic theory and concepts of party politics—a thought process Shambaugh somewhat misleadingly terms "non-ideological."

A third school of analysis concerns itself with American foreign policy. The "hegemonist" or "traditional" critique—at the time of Shambaugh's writing—held that United States foreign policy was based on a desire to surpass its position of strategic equality with the Soviet Union and become the supreme global power. Interestingly enough, this camp had widespread support from both the Marxist and non-Marxist schools.

Each of the chapters is rich in detail and filled with interesting anecdotes and examples. Many of the Marxist images are prime examples of conspiracy theory, worth reading for their sheer implausibility. In a 1987 text that Shambaugh describes as a Marxist reader on the American political system, every aspect of government, from the electoral process to the appointment of government officials, is said to be controlled by powerful *caituan*, or monopoly groups. The book, written by lead-

ing researchers at Fudan University, goes on to link every president since 1945 with the *caituan* to which he was beholden.

At the same time, some of the America Watchers' views, notably the non-Marxist descriptions of American society, accurately capture some of its most fundamental contradictions. The author of a 1984 article writes, "[America's] education is so developed. . . . on the other hand 26 million Americans are illiterate or semi-illiterate. . . . America's medical profession is so advanced; on the other hand the cost of medical treatment is so expensive. . . . that if a person needs an operation it is better for him to spend money on the airfare to Europe and go into hospital there. . . . America is a country that is particular about its legal system. . . . on the other hand there are so many people who are able after they commit a crime to escape the law's punishment."

One wishes, however, that Shambaugh would provide more of the kind of analysis in which the various factors feeding the formation of these perceptions is explored. Instead, he concentrates almost exclusively on documenting the America Watchers' views. What seems essential is a more closely integrated analysis of the extent to which the relationship between perception and behavior is reciprocal. Shambaugh himself says in his conclusion that "perceptions are not formed in a vacuum." Here, they are often presented as if they are.

Shambaugh concludes with an ambivalent assessment of the future of Sino-American relations. He acknowledges that since 1972, mutual understanding between the two countries has improved because of the increase in direct contact. At the same time, he asserts that both sides continue to suffer from "severe cases of cognitive dissonance, wishful thinking, stereotypical imagery, misinformation, and misperception." *Beautiful Imperialist* is an informative survey of the recent Chinese contributions to this "perception gap."

Hyeon-Ju Rho

## ALSO RECEIVED ON CHINA

**Building Sino-American Relations:  
An Analysis for the 1990s**

*Edited by William T. Tow. New York: Paragon House Publishers, 1991. 327 pp., \$18.95.*

**China in Our Time:**

**The People of China from the Communist Victory to  
Tiananmen Square and Beyond**

*By Ross Terrill. New York: Simon and Schuster Inc., 1992. 366 pp., \$13.00.*

**China's Political System:  
Modernization and Tradition**

*By June Teufel Dreyer. New York: Paragon House Publishers, 1993. 448 pp., \$22.95.* ■

# FOUR MONTHS IN REVIEW

APRIL-JULY 1993

## INTERNATIONAL

### Commonwealth of Independent States (CIS)

April 15—The Russian parliament ratifies the quasi-constitutional charter of the CIS, drafted in January at the previous CIS summit in Minsk, Belarus, and signed by 7 of the member countries; the document calls for close military, economic, and political cooperation among the member states.

May 14—At a 1-day meeting in Moscow, 9 of the 10 CIS countries sign a declaration of intent to form an economic union; Turkmenistan does not sign the declaration.

June 14—The joint military command formally dissolves itself; its commander, Marshal Yevgeny Shaposhnikov, becomes Russian President Boris Yeltsin's security adviser; Russia will gain control of the former Soviet nuclear arsenal; negotiations over its eventual control of 2,000 warheads in Ukraine are ongoing.

### Conference on Security and Cooperation in Europe (CSCE)

(See *Azerbaijan*; *Yugoslavia*)

### European Bank for Reconstruction and Development (EBRD)

(See *Intl*, *G7*)

### European Community (EC)

(See also *Denmark*)

April 24—Finance and economic ministers have approved a \$43-billion economic stimulus package for EC nations, *The Economist* reports; EC representatives say the plan will work only if member-nation's central banks cut short-term interest rates by 2 points.

June 22—In Copenhagen, the 12 members of the EC formally invite Bulgaria, Hungary, Poland, Romania, Slovakia, and the Czech Republic to join; the 6 countries are not expected to become members until the year 2000.

### European Trade Union Confederation

April 2—The confederation says more than 1 million workers in 150 cities across the continent took part in work stoppages and demonstrations today to protest the sharp rise in unemployment in Europe—the jobless rate is expected to top 11% this year—and to demand higher pay.

### General Agreement on Tariffs and Trade (GATT)

June 11—Russia formally applies to become a member of GATT.

July 1—Irish lawyer Peter Sutherland becomes the director general of GATT, replacing Arthur Dunkel.

### Group of Seven (G7)

April 15—After a 2-day emergency meeting in Tokyo, representatives of the 7 leading industrialized nations pledge \$28.4 billion in aid for the Russian economy; the package includes \$3 billion in IMF loans; \$10 billion in export credits from the World Bank for the purchase of G7 goods; \$300 million in aid from the EBRD for smaller businesses; \$4.1 billion in loans from the IMF on the condition that the Russian government maintain an economic stabilization program; \$5 billion in loans from the World Bank for infrastructure projects; and \$6 billion from the IMF to help stabilize the ruble.

July 7—At a summit meeting in Tokyo, trade ministers from all the group's members agree to eliminate or reduce tariffs on a wide variety of manufactured goods.

July 9—At the summit, US President Bill Clinton pledges \$375 million in aid for Russia, and each of the leaders of the 6 other countries pledges \$125 million; the group also promises \$1 billion in export credits for Russia and the disbursement over the next 18 months of \$1.5 billion in loans and grants from several international lending agencies.

### Ibero-American Conference

July 16—The leaders of 21 Latin American countries and of Portugal and Spain, who are attending the group's 3d annual conference in Salvador, Brazil, call for an end to the US-imposed trade embargo against Cuba; the embargo has been in place for more than 30 years.

### International Atomic Energy Agency (IAEA)

April 1—In Tokyo, the agency for the first time requests the UN Security Council to enforce the nuclear Non-Proliferation treaty against North Korea, which has refused to allow inspection of its nuclear facility in Yongbyon; 28 member countries vote in favor of the resolution, with China and Libya voting against it; Vietnam, Pakistan, India, and Syria abstain.

### International Bank for Reconstruction and Development (World Bank)

(See *Intl*, *G7*)

### International Monetary Fund (IMF)

(See also *Intl*, *G7*)

May 20—*The New York Times* reports that the IMF will adopt purchasing-power parity to measure the size of a country's economy rather than the dollar value of all goods and services produced; the new methodology makes the Chinese economy the world's 3d largest, with GNP last year of \$1.7 trillion; until now China's economy was ranked 10th in the world; India's economy goes from 11th place to 6th; Chinese per capita income in 1992 is calculated at \$2,040, rather than \$370, and per capita income in India at \$1,150, rather than \$330.

June 30—The fund approves a \$1.5-billion loan for Russia; officials say Russia may qualify for an equal amount at the end of the year if it keeps inflation below 5%.

### North Atlantic Treaty Organization (NATO)

(See also *Intl*, *UN*; *Bosnia and Herzegovina*)

April 2—In Brussels, Secretary General Manfred Wörner announces the organization is willing to enforce the UN ban on military flights over Bosnia and Herzegovina; this is the 1st time since its inception in 1949 that NATO has authorized the use of force in a nonmember state.

### Organization for Economic Cooperation and Development (OECD)

April 30—In Lucerne, Switzerland, representatives from almost 50 countries—the US, Canada, Japan, and nearly all of Europe—create an Environmental Action Program aimed at reducing air pollution, increasing potable water supplies, and preventing permanent environmental damage to countries in eastern

Europe and the former Soviet Union; the participating nations pledge \$30 million—one-third of that from the US—to help the targeted countries with environmental projects.

#### United Nations (UN)

(See also *Angola; Bosnia and Herzegovina; Cambodia; Eritrea; Haiti; Somalia; Sudan*)

April 2—Cyrus Vance, the UN mediator in the war in Bosnia and Herzegovina, resigns; Norwegian Foreign Minister Thorvald Stoltenberg resigns to assume the post.

April 7—The Security Council approves UN membership for Macedonia under the provisional name “the Former Yugoslav Republic of Macedonia” as a compromise with the Greek government; Greece has objected to the new country using the same name as Greece’s northernmost province.

April 26—The UN imposes additional sanctions on Yugoslavia that include a ban on most shipments of goods through UN member countries, with the exception of food, medicine, and relief supplies; a blockade of the Danube River; and the freezing of Yugoslav assets abroad.

May 6—By unanimous vote, the Security Council declares the Bosnian municipalities of Sarajevo, Tuzla, Zepa, Gorazde, Bihac, and Srebrenica “safe havens” and asks Secretary General Boutros Boutros-Ghali to send additional UN troops to help secure the areas; the approximately 9,000 UN troops presently serving in Bosnia are charged only with protecting relief shipments.

May 22—Six nations along the Danube River—Austria, Bulgaria, the Czech Republic, Hungary, Romania, and Ukraine—say they have collectively lost \$12 billion in trade because of the UN sanctions against Yugoslavia, *The New York Times* reports.

May 29—The General Assembly admits Monaco and Eritrea to the UN, increasing the number of member states to 183.

June 4—The Security Council votes, 13 to 0, to allow NATO and US forces to use air strikes against Serb units that are besieging Muslim areas in Bosnia; Pakistan and Venezuela abstain.

June 6—In an emergency session, the Security Council votes unanimously to adopt a measure calling for the arrest of those responsible for yesterday’s killing of 23 Pakistani UN soldiers in Somalia; members of General Mohammed Farah Aidid’s faction are believed responsible for the attack.

June 18—The Security Council approves the deployment of 300 US soldiers to Macedonia; the troops are being sent in an attempt to forestall the spread of war to the former Yugoslav republic.

June 20—UN diplomats announce that they will ask the Dominican Republic to halt overland oil shipments to Haiti; on June 16 the Security Council voted unanimously to impose a ban on oil and arms shipments to Haiti as well as to freeze Haitian assets abroad; these sanctions are designed to press Prime Minister Marc Bazin’s military-backed government to permit the return of President Jean-Bertrand Aristide, who was ousted in 1991.

June 22—The Security Council, voting unanimously, adopts a resolution that calls for sending 105 peacekeeping troops to the Uganda–Rwanda border to prevent Rwandan rebels from smuggling arms; the move, the 1st phase of which is expected to cost \$8.5 million, is intended to help ensure a peace accord between the Hutu and Tutsi ethnic groups, who have been fighting a civil war in Rwanda since October 1990.

June 25—In Vienna, the UN-sponsored World Conference on Human Rights ends with a declaration calling for the establishment of the post of High Commissioner on Human Rights at the UN; on June 16 UN officials acceded to Chinese demands by removing nongovernment organizations such as Amnesty International from the conference committee charged with drafting the declaration; the conference, the 1st of its kind in 25 years, began June 14.

June 26—*The New York Times* reports that Boutros-Ghali has replaced Swedish general Lars-Eric Wahlgren with French general Jean Cot as head of the 23,000 peacekeeping troops in the Balkans.

July 28—The General Assembly votes unanimously to admit Andorra as the 184th member of the UN.

## AFGHANISTAN

(See also *US*)

May 12—Hezb-i-Islami rebels under the command of Gulbuddin Hekmatyar and Shiite Hezb-i-Wahdat guerrillas backed by Iran shell the capital city of Kabul, killing at least 70 people and wounding more than 570.

May 17—In Kabul, a spokesperson for the International Committee of the Red Cross says 700 people have been killed and another 3,000 wounded in the last 6 days of fighting between government forces and guerrilla groups.

June 10—In Kabul, at least 2 civilians are killed in fighting between Shiite rebels and forces loyal to President Burhanuddin Rabbani.

June 17—Hekmatyar—who was chosen as prime minister in March—is sworn in along with the cabinet of a coalition government; a 3-week-old cease-fire between Hekmatyar’s Hezb-i-Islami rebels and government forces continues to hold.

## ALGERIA

June 21—The official news agency announces a government plan to make Algeria a democratic state with a market economy within 3 years; the 5-member collective presidency, known as the High Council of State, is expected to resign at the end of this year.

July 10—General Lamine Zerroual replaces General Khaled Nezzar as defense minister, ostensibly because Nezzar is ill.

July 23—The government says Islamic militants killed 2 police officers today in Algiers, the capital, and another in Blida, 30 miles south of Algiers; they also say militants are responsible for today’s firebombing of town halls in several parts of the country.

## ANDORRA

(See *Intl, UN*)

## ANGOLA

(See also *US*)

April 11—National Union for the Total Independence of Angola (UNITA) radio reports its fighters killed 150 government troops who were attempting to retake the central city of Luena.

May 21—Margaret Anstee, the UN special envoy to Angola, announces that peace talks between UNITA and the government have failed after 6 weeks; UNITA forces are now believed to control almost two-thirds of the country.

July 8—Alioune Blondin Beye, who has replaced, at UNITA leader Jonas Savimbi’s insistence, Anstee as the UN representative, meets with Savimbi; Savimbi says he is ready to return to the negotiating table.

## ARGENTINA

June 28—The government sells 45% of its shares in Yacimientos



Petrolíferos Fiscales, the state oil company, for more than \$3 billion; this is the largest privatization through public stock sales in Latin America.

## ARMENIA

(See Azerbaijan)

## AUSTRIA

(See Intl, UN)

## AZERBAIJAN

April 2—President Abulfaz Elchibey declares a 2-month nationwide state of emergency in response to an offensive by Armenian troops that began last month; more than 3,000 people have been killed in the 5-year-old undeclared war over Nagorno-Karabakh, an enclave in Azerbaijan populated mainly by ethnic Armenians.

April 4—Azerbaijani authorities and eyewitnesses say Armenian government troops and Russian units are attacking the town of Fizuli, south of Nagorno-Karabakh; Armenia has said the fighting is being conducted by "self-defense forces" from the enclave.

April 6—Armenian troops have completed the capture of the northern province of Kelbajar, *The New York Times* reports; Armenians now control a zone more than 60 miles wide and some 100 miles long linking Nagorno-Karabakh with Armenia to the north.

April 14—At a news conference with Elchibey in Baku, the Azerbaijani capital, President Turgut Ozal of Turkey says Turkish intelligence reports indicate heavy Russian involvement on the side of Armenia in the war with Azerbaijan; he announces the severing of all transport and communications links between Turkey and Armenia until Armenia withdraws from Azerbaijan.

June 4—In Gyandzha, the country's 2d-largest city, government troops attempt to disarm an army garrison that has mutinied; the soldiers have proclaimed loyalty to Surat Husseinov, an army general who was dismissed in February 1992 after a string of defeats in the war over Nagorno-Karabakh.

June 8—After weekend battles with loyalist forces, mutinous soldiers and volunteers under Husseinov's command have taken control of Gyandzha, *The New York Times* reports; 50 people are said to have been killed. Husseinov has demanded parliament meet to discuss the loss of 10% of the country's territory to ethnic Armenian troops in the fighting over Nagorno-Karabakh.

June 12—The president's office confirms that Husseinov's fighters have captured the strategic towns of Barba and Yevlak, 60 miles east of Gyandzha; the militia, which may now number in the thousands, controls 15% of the country.

A deadline for Azerbaijan's ethnic Armenian residents to agree to a timetable for a peace plan for Nagorno-Karabakh expires as ethnic Armenian fighters mount attacks around Agdam, a city in western Azerbaijan that is not within the disputed enclave; on May 26 at talks sponsored by the Conference on Security and Cooperation in Europe, Azerbaijan and Armenia reached a preliminary peace agreement that included Armenia's withdrawal from the captured southern city of Kelbajar by June 4, as well as a 60-day cease-fire in the disputed enclave and an end to Azerbaijan and Turkey's blockade of Armenia.

June 14—In Baku, the capital, President Elchibey vows military

force will be used against the rebels, who are now 60 miles from the city; until now, government troops had been ordered to hold their fire and even withdraw from challenged positions to avoid civil war.

June 15—Parliament votes to make Heydar Aliyev speaker of parliament and thus the country's vice president; Aliyev is a former KGB general and had been the Communist party boss of Azerbaijan.

June 16—More than 100 soldiers and civilians are reported killed in an attack by ethnic Armenian fighters on Agdam; informants in Armenia say the troops were not acting under the authority of the Armenian government or the self-proclaimed Republic of Nagorno-Karabakh; Azerbaijani television reports the capture of 8 villages around Agdam.

June 18—Elchibey flees the capital; Aliyev announces on national television that he has assumed presidential powers, "in accordance with the constitution." Elchibey, a scholar and former dissident, was elected president last June with 60% of the vote.

June 20—The Russian news agency Interfax quotes Elchibey, who has taken refuge in his home village in Nakhichevan, as saying he continues to govern the country; Elchibey says he will remain in Nakhichevan, which is separated from the rest of Azerbaijan by Armenia, until Husseinov ends his rebellion.

June 21—In a televised message from his base in Gyandzha, Husseinov, whose troops now hold half of Azerbaijan and are nearing the capital, says he is taking "all absolute power" into his hands because of the "power vacuum" in the country.

June 24—Elchibey offers to transfer most of his presidential powers to Aliyev, but parliament votes to strip him of them.

June 27—Armenian forces take control of Mardakert, the last major Azerbaijani-held town in Nagorno-Karabakh; most Azerbaijani troops withdraw from the enclave.

June 30—Aliyev presents Husseinov to parliament, saying he has named him prime minister as well as head of the defense, security, and interior ministries.

## BANGLADESH

May 23—Bangladesh and India have agreed on the repatriation of more than 50,000 ethnic Chakma refugees, *The New York Times* reports; the refugees fled to India from Bangladesh in 1988 because of human rights violations by security forces; Chakma members of the Shanti Bahini insurgency have been fighting since 1975 to make the Chittagong Hill Tracts independent from Bangladesh.

## BELARUS

(See Russia)

## BELGIUM

April 25—In Brussels, tens of thousands of demonstrators march to oppose nationalist demands for independence for Flemish-speaking Flanders and French-speaking Wallonia; 2 days ago parliament granted broad autonomy to the 2 regions and to the city of Brussels, which is officially bilingual; Belgium's population is 60% Fleming and 40% Walloon.

## BELIZE

July 1—Manuel Esquivel defeats Prime Minister George Price in today's general elections; Esquivel's opposition United

Democratic party also wins 16 seats in the 29-member house of representatives; the People's United party, headed by Price, wins the remaining seats; Esquivel served as prime minister from 1984 to 1989.

## BOLIVIA

April 21—The supreme court sentences in absentia General Luis García Mesa to 30 years in prison for abuse of constitutional power, stealing from the treasury, corruption, and murder; García Mesa, who was dictator in 1980 and 1981, has been in hiding since 1989.

June 9—Former dictator General Hugo Banzer Suárez concedes defeat in the June 6 presidential election, leaving former Planning Minister Gonzalo Sánchez de Lozada the winner; Sánchez de Lozada received about 35% of the vote and Banzer 21%; although he did not receive an absolute majority of the ballots cast, Sánchez de Lozada is expected to win the necessary approval of parliament on August 6.

July 1—Sánchez de Lozada signs an agreement to form a coalition government with Max Fernández, the Civic Solidarity Union candidate in the last month's presidential election; Sánchez de Lozada agreed to the power-sharing arrangement with Fernández, who placed 4th in the election, because his party does not hold a majority in the 157-member congress; together Sánchez de Lozada and Fernández have 90 seats.

## BOSNIA AND HERZEGOVINA

(See also *Intl*, NATO, UN)

April 3—In the southern town of Bileća, a self-declared parliament of Bosnian Serbs rejects, 68 to 0 with 1 abstention, a provisional peace plan put forward by UN mediator Cyrus Vance and EC mediator Lord Owen; the accord calls for a UN-monitored cease-fire; the establishment of a central government composed of 3 Muslims, 3 Croats, and 3 Serbs; the creation of 10 partially autonomous provinces with proportional representation of ethnic groups in the provincial governments; and the return of forcibly transferred property; the so-called Vance-Owen peace plan has been accepted by Bosnian Serb leader Radovan Karadzic and leaders of the country's Croats and Muslims.

April 4—An officer commanding the Bosnian government forces in Srebrenica prevents a UN convoy from evacuating as many as 2,000 Muslim refugees from the eastern town.

April 8—In a suburb of Sarajevo, the capital, Serb fighters discover 21,800 rounds of ammunition hidden under flour sacks in a UN convoy carrying relief supplies; the UN issues a statement saying the ammunition was placed there by people wanting to discredit the relief operation.

April 12—At least 50 civilians are killed and another 90 wounded by a Serb artillery attack on Srebrenica.

About 30 Dutch, French, and American warplanes begin patrolling as part of NATO's effort to enforce the UN ban on military flights over the country.

April 18—Serb forces continue to shell Bihac, a Muslim enclave in the northwest, launching as many as 400 artillery attacks a day.

UN officials say that in Vitez and other towns in the central part of the country, as many as 200 people have died in fighting between the Croatian Defense Council, a Croat militia backed by Croatia, and the Bosnian army since April 16.

April 21—UN officials report that Canadian UN troops in Srebrenica have successfully disarmed the city's Muslim defenders and have set up a "safe haven" for its Muslim population.

April 30—Serb artillery fire on residential areas of Sarajevo wounded 13 people, Bosnian government radio announces; since April 4 at least 20 civilians have been killed and dozens wounded by Serb artillery.

May 1—Government radio says that fighting has broken out in the eastern towns of Gorazde, Tuzla, and Visegrad and that government forces have come under fire in the northeastern towns of Brcko and Gradacac.

May 2—In Vouliagmeni, Greece, Karadzic signs the Vance-Owen peace plan; Karadzic says the Bosnian Serb parliament must still ratify the agreement.

May 6—In the town of Pale, only 2 delegates to the Bosnian Serb parliament vote to accept the Vance-Owen peace plan; the body says a popular referendum will be held among Bosnia's Serbs May 15 and 16 to determine whether it should be accepted; after the vote, Yugoslav President Dobrica Cosic and Serbian President Slobodan Milosevic say they will cut off all but humanitarian aid to Bosnia's Serbs.

May 9—UN observers arrive to find the town center of Zepa destroyed by Serb artillery fire and most of the 30,000 Muslims who had taken refuge there gone; more than 230 people were killed and at least 200 injured by last week's Serb attacks on the eastern town.

May 14—Government and Croat military commanders say 150 Muslim civilians, 17 government soldiers, and 21 Croat troops died in 6 days of conflict that ended yesterday in and around Mostar, a city southwest of Sarajevo that had been under attack by Croat forces; at least 70 people were wounded.

May 16—In Pale, Karadzic announces that up to 90% of Serb voters rejected the Vance-Owen peace plan in the referendum; he says the world should now recognize that a new state—Republika Srpska—exists in the Serb-controlled territory in Bosnia.

May 20—Near Mostar, Croat forces release 1,000 of the 1,800 Muslims—many of them civilians—who were taken prisoner during last week's fighting.

May 26—Serb forces continue to attack Maglaj; at least 18 people have been killed and another 65 wounded in the 11-day assault on the northern town.

May 29—For a 2d day, Serb forces attack Gorazde with artillery and rocket fire.

May 30—Since May 1 at least 34 people have been killed and more than 200 wounded by Serb artillery fire and fighting between the army and Serb forces; government troops began an offensive 2 days ago to cut road links between Pale and Sarajevo.

June 1—In Sarajevo, mortar shells fired by Serb forces kill at least 12 civilians and wound 80 more during a soccer game; it is the worst single attack on civilians in the capital since May 27, 1992, when 16 people were killed and 70 wounded while waiting in a bread line.

Near Maglaj, 3 UN aid workers—2 Danish drivers and a Bosnian interpreter—are killed by mortar fire.

Outside Gornji Vakuf, the bodies of 2 Italian aid workers and a journalist are found; their killers are believed to be members of a breakaway faction of the Bosnian army.

June 2—UN officials confirm Sarajevo radio reports that villages around Gorazde are being overrun by Serb forces; scores of people have been killed and wounded in the attacks.

June 7—UN officials say they have reports that hundreds of people have been killed in 4 days of fighting in Travnik between the army and Croat forces; approximately 3,000 civilians have fled the town.

June 11—Near the village of Nova Bila, British UN troops shoot and kill 2 Croat militiamen after the Croats took aim at a 521-vehicle aid convoy with a grenade launcher; this is the 1st time British troops have reported killing anyone in Bosnia.

British UN soldiers say as many as 8 drivers for a private,

unarmed aid convoy were killed yesterday by Croat militiamen after the Croats attacked and looted the convoy.

June 12—In Gorazde, at least 57 people have been killed and 69 wounded in the last day of attacks by Serb forces on the town; in the last 2 weeks, approximately 420 people have died in the Serb offensive.

June 18—A Canadian UN peacekeeper is killed outside the central village of Buci when an artillery shell hits his armored personnel carrier; UN officials decline to give further details; he is the 47th UN peacekeeper to die in Bosnia or Croatia since the initial UN deployment last year.

A UN monitor in Gorazde is shot and wounded; the 1st UN monitors of the UN-designated "safe haven" arrived June 16.

July 2—The central town of Zepce falls to Croat forces backed by Serb tanks; UN officials say they have evidence Serb and Croat militias have been coordinating attacks in central Bosnia; in the northeast, Croat forces are fighting Serb forces alongside Bosnian government troops.

Serb and Croat militias launch a concerted artillery attack on Maglaj, which is controlled by government forces.

July 9—A French UN peacekeeper is wounded by a sniper as 1,000 French UN troops begin securing Sarajevo as called for under the UN plans for creating "safe havens."

July 12—In the Sarajevo suburb of Dobrinja, an artillery shell fired by Serb forces kills 12 people and wounds 15 others; the dead and wounded had been waiting in a line for water.

July 22—UN observers say members of the Croatian army have been reinforcing Croat militia positions near Mostar.

July 23—In the last 2 days, Serb militias have fired more than 3,500 artillery shells at Sarajevo, killing at least 10 people and wounding over 50 others.

July 30—In the town of Jablanica, 1 member of a Spanish UN detachment is killed and 17 others are wounded by artillery fire from unidentified attackers; 5 days ago Serb forces shelled UN positions, wounding several French soldiers.

## BRAZIL

April 21—In a plebiscite, 66.1% of voters cast ballots to maintain a presidential republic with 10.2% voting to return to a monarchy; on a separate issue, 55.5% vote to keep a strong executive branch as opposed to 24.7% who favor a more powerful parliament; about 74% of eligible voters take part.

July 26—Officials arrest 3 military police officers for killing 7 street children and wounding 2 others on July 23; the men, believed to have been part of an "extermination group," wore hoods and police uniforms on patrols during which they shot sleeping homeless children.

## BULGARIA

(See Intl, EC, UN)

## BURUNDI

June 1—In the nation's 1st free and fair democratic election since independence in 1962, Burundi Democratic Front (FRODEBU) candidate Melchior Ndadaye—an ethnic Hutu—garners about 66% of the vote, outpolling President Pierre Buyoya, the head of the military government, of the Union for National Progress (UPRONA), who receives about 33%; UPRONA represents ethnic Tutsi, who make up some 15% of the country's population and have ruled Burundi since independence.

June 29—In the country's 1st free and fair legislative elections, FRODEBU candidates win 65 of parliament's 81 seats, receiving approximately 72% of the vote; UPRONA candidates win the remaining seats, with about 21% of the ballots that were cast.

July 3—In Bujumbura, the capital, an army official says an overnight coup attempt against Ndadaye by 5 army officers was thwarted and the officers captured.

July 10—Ndadaye and Prime Minister Sylvie Kinigi, a Tutsi who served in previous governments, are inaugurated; Kinigi is Burundi's 1st woman prime minister.

## CAMBODIA

April 13—In a letter to Prince Norodom Sihanouk, the former head of state, Khmer Rouge leader Khieu Samphan announces that all Khmer Rouge officials will be withdrawn from the capital.

April 19—In Kompong Speu province, Khmer Rouge guerrillas attack Bulgarian UN troops sent to protect an election office in a besieged village; 1 UN soldier is killed and 3 are wounded.

May 1—In Phnom Penh, UN officials announce that a Colombian UN police officer was killed and another wounded yesterday when they came under attack in the eastern part of the country; the officials say this is the 1st slaying of a UN police officer in Cambodia.

May 3—Khmer Rouge guerrillas attack a tourist center in the northern city of Siem Reap, killing 2 civilians; the government says its troops killed at least 12 rebels.

In Khmer Rouge attacks in Kompong Cham province, 5 Indian UN peacekeeping troops are wounded.

May 4—In rebel-held territory in the northwest, gunmen identified as Khmer Rouge ambush a UN convoy, killing a Japanese and wounding 8 other peacekeepers; the Japanese government orders its 750 members of the 22,000-member UN peacekeeping mission in Cambodia to return to Phnom Penh.

May 5—More than 100 gunmen believed to be members of the Khmer Rouge attack a railroad line in the western province of Battambang, killing at least 13 passengers; UN officials say the Khmer Rouge are mounting a terrorist campaign to disrupt elections scheduled for later this month; the UN has also said the Cambodian government is systematically attempting to intimidate voters and its main opposition, the National Front for an Independent, Neutral, Peaceful and Cooperative Cambodia (FUNCINPEC), the royalist party.

May 7—A Khmer Rouge spokesman says his group is not responsible for the killing of 11 UN employees in the last 6 weeks; he says Vietnam and the Vietnamese-installed Cambodian government under Prime Minister Hun Sen orchestrated the attacks.

May 20—Heavy fighting takes place between government troops and the Khmer Rouge in the northwestern provinces of Kompong Thom and Siem Reap; some Khmer Rouge deaths are reported. Smaller battles between the 2 forces take place in the southern provinces of Kompong Speu and Kandal. Yesterday 4 government soldiers were reported killed as the Cambodian army drove the Khmer Rouge out of a large part of Siem Reap.

May 21—In rebel-held territory in western Cambodia, a Khmer Rouge spokesman says "the US and its allies have had a policy to eliminate" the Khmer Rouge since 1991, and accuses them of arming the Cambodian government and Vietnam against the group.

May 22—Two Chinese members of the UN peacekeeping force are killed in a raid in central Cambodia; the UN holds the Khmer Rouge responsible.

May 23—A 6-day election under UN auspices begins; results will



determine the makeup of a 120-member national assembly that will write a new constitution; the Khmer Rouge, 1 of the 4 Cambodian factions that signed the 1991 peace accord, is boycotting the balloting, in which 20 other parties are competing; this is the country's 1st multiparty election in more than 20 years.

May 31—A UN convoy is ambushed in the central province of Kompong Cham, and 1 Uruguayan peacekeeper is killed; the UN says the Khmer Rouge was responsible for this attack, as well as for a raid yesterday on a market in Kandal province in which 2 Cambodians died.

June 12—In a speech in Svay Rieng province, Prince Norodom Chakrapong, flanked by Cambodian army generals, announces that 7 eastern provinces are seceding, "according to the wishes of the people," to form an "autonomous zone." Chakrapong, a deputy prime minister in Hun Sen's government, is a son of Prince Sihanouk and the estranged half-brother of Prince Norodom Ranariddh, the leader of FUNCINPEC.

June 14—Fully reporting for the 1st time the results of the May 23–28 election for the National Assembly, *The New York Times* says FUNCINPEC won 45.5% of the vote and the Cambodian People's party 38.2%, giving the former 58 seats in the 120-seat assembly and the governing party 51; the Buddhist Liberal Democratic party under Son Sann won 10 assembly seats.

Meeting for the 1st time, the National Assembly approves a resolution granting Prince Sihanouk "full and special powers... in order that he may save our nation"; the act is of doubtful legality since the assembly is empowered only to draft a constitution.

June 15—UN peacekeepers at the country's eastern border report Prince Chakrapong fled to Vietnam in the early morning hours, with a convoy of about 20 vehicles.

June 16—FUNCINPEC and the Cambodian People's party agree to share power in an interim coalition that will govern Cambodia until a new constitution is written; Sihanouk had announced such a coalition earlier in the month, only to have Prince Ranariddh publicly declare he could not work with the "killers" in the government who had staged violent attacks on his party during the election campaign, or with Prince Chakrapong.

June 18—The People's party and FUNCINPEC agree to joint control of the defense and interior ministries that direct the army and police, while FUNCINPEC will control the foreign and finance ministries; Hun Sen and Prince Ranariddh will serve as co-chairmen of the interim government.

June 25—In a radio broadcast, the Khmer Rouge says it has accepted Sihanouk's offer of an advisory role in the interim government.

## CANADA

June 25—After being elected leader of the governing Progressive Conservatives at a party convention June 13, former Defense Minister Kim Campbell is sworn in as Canada's 19th prime minister; Campbell, the 1st woman to hold the post, replaces Brian Mulroney, who announced his retirement in February after serving since 1984; she must call a general election before November.

## CHINA

(See also *Intl*, *IME*, *UN*; *Mexico*; *US*; *Vietnam*)

April 6—The number of registered companies in China rose 88% last year, to 486,000, reports *The New York Times*; the capital of private businesses also grew 79% over the year, to \$3.9 billion.

April 27—In an attempt to reduce tensions, high-level delegates from China and Taiwan meet in Singapore for the 1st time for talks; they agree to hold such meetings at least 4 times a year.

May 24—In the largest demonstration in several years, some 600 people in Lhasa, the Tibetan capital, protest economic hardships and Chinese control of Tibet; police disperse the crowd with tear gas.

May 26—Xu Wenli, who served 12 years in solitary confinement for his part in the Democracy Wall movement of 1979–1980, is released from prison 3 years before the end of his 15-year sentence.

May 27—The Tibetan Information Network, a London-based human rights group, has issued a report saying more than 200 of 335 imprisoned pro-independence activists in Tibet are being held without trial, the *Far Eastern Economic Review* reports.

June 6—In Renshou, Sichuan province, paramilitary police fire tear gas at thousands of farmers who surrounded them and threw stones; the police were attempting to arrest leaders of a recent rebellion against county officials who imposed a tax for the construction of a road.

June 28—The American brewer Anheuser-Busch purchases a 5% interest in Tsingtao Brewery Company after Tsingtao becomes the 1st mainland corporation to be listed on the Hong Kong stock exchange; this is the 1st such foreign acquisition allowed by China.

June 30—It is announced that Li Guixian, the governor of the central bank, has been dismissed after some 100,000 Chinese investors lost more than \$175 million in the Great Wall bond scandal earlier this month; he will be replaced temporarily by Deputy Prime Minister Zhu Rongji.

July 1—The central government has rescinded 37 central government taxes and 43 local government fees in the last several weeks, the *Far Eastern Economic Review* reports; the cuts come in response to widespread discontent among farmers.

July 4—The government signs a pact with Iran to build at least 1 300-megawatt nuclear power plant near Teheran for what Iranian officials maintain are peaceful purposes.

July 15—Today's *New York Times* reports that the Communist party Central Committee has secretly issued a 16-point austerity plan in an attempt to arrest rising inflation; prices were 17% higher in April than a year earlier.

July 16—In a statement issued by the New China News Agency, the government apologizes for 2 incidents in which Chinese patrol boats seized Russian vessels in international waters; during the last 2 years there have been several similar attacks on or detainings of Vietnamese and North Korean ships.

July 17—The Hong Kong newspaper *Ta Kung Pao* reports that 44 people were convicted 2 days ago in Fuzhou, the capital of Fujian province, of smuggling people out of the country and sentenced to terms in labor camps; another 32 have received prison terms of from 1 to 5 years for the same offense.

July 25—The *Washington Post* reports it has learned that Bai Weiji, a former Foreign Ministry staffer, was sentenced in May to 10 years in prison for passing "official secrets" to the paper's Beijing correspondent; Bai's wife, Zhao Lei, was given a 6-year sentence.

## COLOMBIA

April 15—A van loaded with 440 pounds of explosives is detonated in Bogotá, killing at least 11 people and wounding more than 100; security officials blame the explosion on fugitive drug trafficker Pablo Escobar.

April 16—The bodies of Guido Parra, Escobar's lawyer, and Parra's son are found on the outskirts of Medellín; a group blaming Escobar for yesterday's bombing takes responsibility for the killings.

## CONGO

July 16—President Pascal Lissouba declares a 15-day state of emergency and replaces the head of the armed forces; at least 23 people have died in political and ethnic violence in the last month.

## COSTA RICA

April 29—At Juan Santamaría International Airport in San José, gunmen from the group known as the Commando of Death are arrested as they attempt to board a plane; the gunmen—who claimed to be armed with explosives and heavy weaponry—took 19 of the country's 22 supreme court justices hostage April 26, demanding safe passage to South America, at least \$8 million, and the release of some Costa Rican prisoners for the judges' freedom; 18 justices and 5 other people are rescued; the gunmen had released one of the judges on April 27.

## CROATIA

(See *Bosnia and Herzegovina*)

## CUBA

(See also *Intl, Ibero-American Conference; US*)

April 22—In an interview published in *Granma*, the official Communist party daily, Armed Forces Minister General Raúl Castro, President Fidel Castro's brother, says the country is downsizing its military because it has not received equipment from the former Soviet Union since 1990.

July 2—Cuban coastal patrol boats intercept an American speedboat attempting to smuggle several Cubans to the US; 3 passengers are killed and 1 is wounded.

July 3—A 2d American speedboat is captured near Havana and its 4 American occupants arrested as they attempt to smuggle a group of Cubans out of the country and into the US.

July 4—The remaining soldiers from a Soviet military brigade sent to Cuba in December 1962 leave with their dependents for Russia.

July 6—Security officials say they have captured 3 Cuban exiles and 6 Cubans whom the exiles were attempting to spirit out of the country after their craft sank on July 4 near Santa Cruz del Norte.

## CZECH REPUBLIC

(See *Intl, EC, UN*)

## DENMARK

(See also *Turkey*)

May 18—Voters approve a version of the treaty on European union signed by EC leaders in Maastricht, the Netherlands, in December 1991; the vote is 56.8% to 43.2%; last year Danes rejected a stronger version of the treaty that would have required acceptance of the concept of European citizenship, as well as a European currency and common defense, justice, and immigration policies. In a rare confrontation, 24 police officers are injured after the vote count by rock-throwing leftist protesters and 10 protesters are shot and wounded by police.

## DJIBOUTI

May 15—Hassan Gouled Aptidon has been elected president for the

5th time, *The Economist* reports; fewer than 50% of eligible voters turned out for the election; the opposition refused to participate.

## DOMINICAN REPUBLIC

(See *Intl, UN*)

## EGYPT

(See also *US*)

April 11—In Abu Tig, in the southern part of the country, Islamic militants kill Brigadier General Mohammed al-Shaimi, a top government security official in Asyut province; two others are also killed in the attack.

April 20—Two unidentified gunmen attack Minister of Information Mohammed Safwat el-Sharif outside his home in Heliopolis, a Cairo suburb, wounding his driver and his bodyguard.

May 21—In Cairo, a bomb explosion outside a police station kills 6 people; no group takes responsibility.

May 27—A military court in Cairo sentences 6 convicted Muslim militants to death, 1 in absentia; 3 others are given sentences of from 10 years to life imprisonment; 5 are acquitted; those convicted were found guilty of terrorist acts including the assassination attempt on Sharif.

Five people are wounded in a bomb explosion at a police checkpoint in the capital.

June 8—A bomb explodes on a road leading to the Giza pyramids, killing 1 person and injuring at least 14 other people; officials suspect Islamic militants of setting off the blast, which they believe was intended for a tour bus.

June 13—In Alexandria, a man sentenced to death for killing a police officer is hanged; it is the 1st execution of an Islamic militant since 5 were put to death in 1982 for their role in the assassination of President Anwar Sadat a year earlier; the government announces more executions of convicted terrorists will take place in the near future; 22 Islamic militants have received death sentences in the last 6 months.

June 19—In Cairo, a bomb explosion kills 7 people and wounds 15 others; no one takes responsibility.

July 3—Government officials announce they have asked the US to extradite Sheik Omar Abdel Rahman, who was detained in New York yesterday on immigration charges; an Egyptian court in Fayoum, a city south of Cairo, today orders Rahman's arrest for inciting a 1989 riot near a Fayoum mosque and in the attempted murder of 2 police officers.

July 8—Seven Islamic militants convicted of taking part in terrorist acts against tourists and of plotting to overthrow the government are hanged.

July 17—Three Islamic militants who were convicted of attempting to assassinate Information Minister el-Sharif on April 20 are hanged; 2 others are hanged for the March 16 bombing of a tourist bus in Cairo.

July 18—In Cairo, 2 militants, 1 police officer, and 1 civilian are killed during an attack by Islamic militants on Major General Osman Shahin's limousine; Shahin, who is the chief military officer for the capital, escapes unharmed.

## EL SALVADOR

April 1—As part of the amnesty for those accused of committing human rights abuses during the 12-year civil war, 2 military officers who were each serving 30 years in prison for the 1989 murder of 6 Jesuit priests are released.

May 4—President Alfredo Cristiani begins the dismissal process for

15 of the 102 military officers who are to be purged under a cease-fire agreement with the Farabundo Martí National Liberation Front.

June 25—Roman Catholic Bishop Joaquín Ramos Umaña is shot and killed while riding in his car from the airport to San Salvador, the capital; the army calls the incident an apparent robbery attempt; 2 other people accompanying the bishop were unharmed.

July 1—Cristiani replaces Defense Minister General René Emilio Ponce with Colonel Humberto Corado Figueroa; the move is part of the cease-fire agreement with the Farabundo Martí National Liberation Front.

## ERITREA

(See also *Intl, UN*)

April 27—Results from a UN-monitored referendum held April 21–23 show 99.8% of Eritreans approved independence from Ethiopia; Eritrea, a former Italian colony and UN trust territory, was annexed by Ethiopia in 1962.

May 21—The new National Assembly elects as the country's president Isaias Afewerki, leader of the Eritrean People's Liberation Front, the rebel group that took control of Eritrea 2 years ago; the assembly is to write a constitution, after which multiparty elections will be held.

May 24—In a ceremony in Asmara, the capital, Eritrea formally declares itself a nation. Ethiopia recognized the new country on May 3.

## ESTONIA

(See also *Russia*)

July 6—The new president sends back to parliament for reconsideration a law it passed in mid-June that would have required Russian-speakers in Estonia to become citizens or gain residency permits within 2 years after passing a language test; during this interim only Estonians would have had the right to vote; Russia last month announced it was halting oil and gas supplies to Estonia to protest the law.

July 24—The government has dismissed as illegal referendums held in Narva and Sillamae; the predominantly Russian populations voted overwhelmingly to declare their towns autonomous territories, *The Economist* reports.

## ETHIOPIA

(See *Eritrea*)

## FRANCE

(See also *New Zealand*)

May 1—Former Prime Minister Pierre Bérégovoy commits suicide; Bérégovoy stepped down in March after his Socialist party received only 18% of the vote in parliamentary elections.

May 10—New conservative Prime Minister Édouard Balladur proposes an austerity budget that includes sharp increases in gasoline, liquor, and social security taxes. This year's budget deficit is estimated at \$64 billion.

May 26—The government announces a privatization program for 21 large state-controlled companies, including Air France, Renault automakers, and Elf Aquitaine, the oil conglomerate.

## GEORGIA

May 1—In Moscow, President Eduard Shevardnadze and Russian

President Boris Yeltsin call for a cease-fire beginning May 25 in Abkhazia, a region seeking independence from Georgia; nationalists in the region have received some assistance from Russian troops, apparently without authorization from Moscow.

May 4—An explosion at the Inguri station in western Georgia cuts off 40% of the country's electricity supply; officials say the incident, the 8th of its kind in 18 months, was engineered by supporters of ousted President Zviad Gamsakhurdia, who are fighting a guerrilla war to overthrow Shevardnadze.

July 6—Shevardnadze declares martial law in Abkhazia; as many as 1,000 people have been reported killed in a renewed rebel offensive that began last week; rebel fighters have cut off the region's capital, Sukhumi, currently held by Georgian troops, and are shelling the city from surrounding positions; they now control more than half of Abkhazia. Secessionists, who want to join in a union with other minority groups in the Caucasus and Russia, declared independence last August.

July 28—A Russian-mediated cease-fire signed yesterday by Georgian and Abkhazian leaders takes effect.

## GERMANY

(See also *Guatemala*)

April 22—The Bundesbank cuts the discount rate from 7.5% to 7.25%; it also cuts the Lombard rate, which sets a ceiling on the interest paid on money market accounts 0.5%, to 0.8%.

May 3—Björn Engholm, leader of the Social Democratic party and premier of the state of Schleswig Holstein, announces he is resigning from both posts; Engholm says he lied to a committee of the state's parliament about his knowledge of an opposition smear campaign against him during his 1987 race for office; last winter it was disclosed that 1 of his aides had recently made 2 secret payments to Engholm's former opponent's press secretary.

May 7—Germany signs a treaty with Poland that will permit Germany to deport unlimited numbers of rejected applicants for asylum within 6 months of their arrival from Poland; Germany will pay Poland \$152.8 million over 2 years for housing for immigrants and increased border surveillance; 438,191 people applied for asylum in Germany last year, an estimated 100,000 of these entering through Poland.

May 15—About 300,000 workers from the eastern and western parts of the country have stopped working as a show of support for the 30,000 striking I. G. Metall workers, *The Economist* reports.

May 22—In most of eastern Germany, workers have called off the strike because they have been promised pay equality with western workers by 1996, *The Economist* reports.

May 27—In a district court in Dresden, Hans Modrow, who briefly served as East Germany's prime minister in 1989–1990, is found guilty of falsely reporting the results of 1989 local elections to bolster the ruling Communist party; he is given a warning and made to pay a \$13,000 fee.

May 28—Parliament completes approval of a bill that tightens Germany's liberal policy on asylum; the lower house voted 521 to 132 on May 26 in favor of the measure; nonpolitical refugees can now be immediately expelled.

The Constitutional Court rules that a liberal 1992 abortion law violates a constitutional provision obliging the state to protect human life; but the court also says neither women who undergo 1st-trimester abortions nor their doctors should be prosecuted.

May 29—In the Ruhr Valley city of Solingen, 5 Turks are killed and more than a dozen others injured in a house fire that police suspect was set by neo-Nazi terrorists.

June 2—For a 3d night, Turks in Solingen and several other cities



stage violent protests in reaction to the deaths in Solingen.

July 10—*The New York Times* reports on an accusation by the Red Army Faction guerrilla group that one of its leaders, Wolfgang Grams, who died during a raid by an elite army anti-terrorist unit in Bad Kleinen June 27, was deliberately killed by a commando after his capture; Interior Minister Rudolf Seiters has resigned because of contradictory statements on Grams's death.

July 23—The 1st several hundred of the 1,700 German troops that Chancellor Helmut Kohl announced in December would join the UN mission in Somalia departed this week, *The New York Times* reports; this is the 1st deployment of German combat troops since World War II.

## GREECE

(See *Intl, UN; Bosnia and Herzegovina*)

June 30—In Athens, Russian President Boris Yeltsin and Greek officials sign a treaty of friendship and cooperation; it is the 1st visit to the country by a Russian president.

## GUATEMALA

May 25—Backed by the military, President Jorge Serrano Elias suspends the constitution and the courts; security forces occupy government buildings; Serrano, who says that the suspensions are temporary and that he will serve only until his term ends in January 1996, says his actions are necessary because of a "breakdown in law and order" throughout the country.

May 26—Serrano imposes censorship on the print media; government forces occupy television and radio stations.

May 27—In Guatemala City, more than 1,000 people protest Serrano's seizure of power.

Serrano names 9 new justices to the supreme court, and appoints his wife, former Education Minister Maria Luisa Beltranena, the court's president.

The US State Department announces it will suspend as much as \$50 million in aid to Serrano's government; Germany says it will withhold \$78 million in aid.

June 1—Acting on an order issued by the supreme court stating that Serrano's takeover was unconstitutional, the military ousts Serrano and places Vice President Gustavo Espina Salguero in power; Espina is to tender his resignation once the legislature reconvenes and can appoint an interim president.

June 6—Former Attorney General of Human Rights Ramiro de León Carpio is sworn in as the nation's president after being selected by the legislature.

June 7—De León Carpio replaces the defense minister, General José Domingo García Samayoa, with General Roberto Perussina as part of a shake-up among military figures who took part in the political crisis.

Panamanian officials say they have granted Serrano asylum.

## HAI

(See also *Intl, UN*)

April 3—In Port-au-Prince, a small group of demonstrators marches in a show of support for President Jean-Bertrand Aristide, who was ousted by the military in September 1991; it is the 1st such demonstration permitted by the military-backed government of Prime Minister Marc Bazin.

June 8—Citing an inability to govern after 4 ministers refuse to

accept dismissal, Prime Minister Bazin resigns.

July 3—In New York, Aristide and Lieutenant General Raoul Cedras, who led the 1991 coup and who has replaced Bazin as head of the government, sign a UN-brokered accord that calls for Aristide's return to the presidency by October 30 and the removal of Haitian high command officers through resignation or exile.

July 17—In New York, a group of Haitian political representatives signs the New York Pact, which provides for the selection of a prime minister by the bicameral Haitian parliament; amnesty for those who took part in the September 1991 coup; and Aristide's naming of the country's chief military officer and head of security. Additionally, the 13 military members of the legislature selected in the January 18 elections, which Aristide called illegal, say they will voluntarily remove themselves until agreement is reached on their status.

July 25—In a letter to parliament, Aristide nominates Robert Malval, a publisher and longtime supporter, as prime minister.

## HUNGARY

(See also *Intl, EC, UN*)

April 14—By a 130-73 vote, with 23 abstentions, the parliament passes a law prohibiting the use of the fascist Hungarian arrow-cross, the Nazi swastika, and the Communist hammer and sickle symbol in cultural, historical, and educational material.

June 8—*The New York Times* reports that Istvan Csurka, one of the leaders of the governing Democratic Forum, and 3 of his colleagues in the Forum's right-wing internal opposition were expelled from the party's parliamentary faction last week for criticizing government policies.

## INDIA

(See also *Intl, IMF; Bangladesh; Oman; Thailand*)

April 10—In Srinagar, the capital of Jammu-Kashmir, India's northernmost state, 250 shops and houses are destroyed in a fire started by government troops in retaliation for the death of a soldier killed by Muslim militants today. Nearly 6,000 people have died since 1990 in fighting in Jammu-Kashmir, India's only Muslim-majority state, where militants seek independence or union with Pakistan.

April 11—The Press Trust of India news agency reports 5 people were killed by guerrillas after government forces shot and killed 8 suspected Muslim militants in Jammu-Kashmir; 11 other bodies were also found by city employees and police.

April 18—More than 125 people have died in violence in Srinagar in the last week, *The New York Times* reports; witnesses place responsibility for most of the deaths on Indian paramilitary troops, although Hezbul Mujahideen separatists said yesterday they had killed 13 members of the security forces in an ambush.

April 21—In a speech before parliament, Home Minister S. B. Chavan accuses Pakistan of aiding and training a group that committed a series of bombings in Bombay on March 12 that killed 317 people and wounded about 1,100.

April 24—In Amritsar, commandos storm a jetliner and kill a hijacker holding 141 people aboard hostage. The hijacker, who had demanded to be flown to Pakistan, claimed membership in Hezbul Mujahideen, which seeks the union of Jammu-Kashmir with Pakistan; the militant group says he is not a member.

April 28—Hundreds of armed officers occupying the police headquarters in Srinagar surrender to Indian army troops,

- ending a bloodless rebellion that began last week; the mutineers sought the arrest of Rajendran Kumar, the state's senior superintendent of police, in connection with the death in custody of a policeman suspected of militant ties.
- May 4—In villages of the northern state of Manipur and in Imphal, its capital, Hindu-Muslim violence begins its 2d day; the death toll rises to more than 100, with hundreds of people injured, most of them Muslims.
- May 17—Israeli Foreign Minister Shimon Peres arrives on the 1st official visit by a member of the Israeli government in 40 years; Israel and India established full diplomatic relations last year.
- June 1—In Bombay, gunmen assassinate Prem Kumar Sharma, a member of the Maharashtra state legislature; Sharma was a member of the Hindu nationalist Bharatiya Janata party. Three days ago another legislator, Ramesh More, a member of the militant Hindu group Shiv Sena, was murdered in the city; Sena has been accused of fomenting anti-Muslim riots in Bombay in January in which more than 600 people were killed.
- June 12—The ban on the Rashtriya Swayamsevak Sangh party has been lifted by the High Court in Uttar Pradesh state, *The Economist* reports; on June 4 the Unlawful Activities Tribunal removed the ban placed on 2 other Hindu nationalist parties outlawed by the government during the December Hindu-Muslim violence in which more than 1,200 people were killed nationwide.
- June 17—Harshad Mehta, the financier at the center of a billion-dollar banking and securities scandal, alleges he paid a bribe in 1991 equivalent to about \$371,000 to Prime Minister P. V. Narasimha Rao to "gain political patronage and blessings"; Rao denies the charges; the Bharatiya Janata party calls for the prime minister's resignation and new general elections.
- June 26—Witnesses report that security forces and Islamic militants in Dayalgam, in Jammu-Kashmir state, engaged in a gun battle, after which troops burned down a house; 4 civilians, 1 soldier, and 1 guerrilla are reported killed; police say troops did not set the blaze.
- June 29—In Manipur state, guerrillas ambush an army convoy, killing at least 32 soldiers; Haresh Goswami, the chief secretary of Manipur, says the secessionist National Socialist Council of Nagaland was responsible for the attack; the rebel group, which may have as many as 2,000 members, has bases located in Myanmar and northeastern India near the border with Bangladesh.
- July 8—In its annual report, Amnesty International says that hundreds of people were "extra-judicially" executed by Indian security forces in Kashmir in 1992.
- July 28—Rao's government survives, 265 to 251, a motion of no confidence presented in parliament; the motion alleged Rao and his Congress party accepted bribes, promoted "anti-people" economic policies, and allowed those responsible for the demolition of a mosque in Ayodhya last December that set off religious rioting nationwide to go unpunished.

## INDONESIA

- May 21—José Gusmão, known as Xanana, the leader of an independence movement for annexed East Timor, is sentenced to life in prison after being convicted of attacks on civilians and soldiers.

## IRAN

(See also *China; Iraq; Japan*)

- June 13—Final results from the June 11 presidential election show President Hashemi Rafsanjani won 63% of the vote; Ahmed Tavakoli, a former labor minister, received 24% of the ballots

cast; Abdullah Jafar Ali, a university president, won 9.1%, and former parliament member Rajab Ali Taheri, 2.4%; about 16 million of the nation's 29 million eligible voters cast ballots.

- June 23—Government television announces that more than 8,500 drug users were rounded up and arrested between June 16 and June 20; it also says 13 drug smuggling rings were broken up, 882 dealers were captured, and almost 5,000 pounds of morphine, opium, and hashish were confiscated in the raids.

## IRAQ

(See also *Jordan; Kuwait; Saudi Arabia*)

- April 9—Near Mosul, 4 American warplanes patrolling the northern no-fly zone drop 4 cluster bombs on Iraqi antiaircraft guns after being fired on; no-fly zones were established in northern and southern Iraq to protect Kurds in the north and Shiites in the south from Iraqi air attacks.
- April 18—Two US warplanes fire a missile at a radar station south of Mosul below the no-fly zone after the Iraqi radar locked onto their positions.
- May 20—A US Defense Department spokesman says American warplanes patrolling the southern no-fly zone were fired on by Iraqi antiaircraft guns 3 times in the last week.
- May 25—As many as 12 Iranian military planes attack 2 People's Mujahideen bases, 1 near the northern city of Suleimaniya, the other near Baghdad; the official Iranian press agency says the attacks are in retaliation for raids by the Iranian rebels over the last 2 weeks.
- June 23—US officials say that Iraqi forces have mobilized along the border with Iran and that Iraqi air defenses have been placed on high alert; it is the largest military action by Iraq since the 1991 Persian Gulf War.
- June 27—The government news service reports 8 people were killed and dozens injured by 23 Tomahawk cruise missiles fired at the Iraqi intelligence agency building in Baghdad yesterday by US warships in the Red Sea and Persian Gulf; the attack was in retaliation for what the administration of US President Bill Clinton says is Iraq's complicity in a plot to assassinate former US President George Bush; Kuwait has arrested 11 Iraqis and 3 Kuwaitis on charges they took part in the plan to kill Bush while he was visiting Kuwait in April. In Baghdad after the attack, 10,000 Iraqis mount a demonstration against the US.
- June 29—A US plane monitoring the southern no-fly zone fires a missile at an Iraqi antiaircraft battery after its radar locks onto the plane's position.
- July 24—A US warplane fires at an Iraqi antiaircraft battery in the southern no-fly zone after the pilot believed the battery had begun to track his plane.
- July 29—In the southern no-fly zone, 2 US Navy jets fire missiles at antiaircraft radar sites they believe targeted their positions.

## ISRAEL

(See also *India; Kuwait; Lebanon*)

- April 16—A car bomb explodes near the settlement of Mehola in the Israeli-occupied West Bank, killing 2 Palestinians, wounding another, and injuring 8 Israeli soldiers; army officials blame the blast on the militant Muslim group Hamas.
- April 18—Members of the Red Eagle faction of the Popular Front for the Liberation of Palestine claim responsibility for today's stabbing death of an Israeli in the West Bank.
- April 22—Several civilians are wounded by rockets fired by Islamic Resistance guerrillas into northern Israel from outside Israel's self-declared security zone in southern Lebanon; Israeli army

and Israel-backed South Lebanon Army soldiers retaliate with artillery and tank fire; Islamic Resistance is the military wing of the Iranian-backed Party of God.

April 28—Since April 20, Israeli soldiers have killed at least 6 Palestinians and have wounded at least 164 in street clashes and security operations in the West Bank and Israeli-occupied Gaza Strip.

May 3—Fourteen of 30 Palestinians exiled for as long as 20 years return to the West Bank as part of a goodwill gesture by the Israeli government; 15 other Palestinians were allowed to return April 30.

May 12—In the West Bank city of Nablus, 2 Palestinians stab and wound 2 Israeli soldiers during a change of the guard at an observation post.

May 13—Ezer Weizman is inaugurated as the country's 7th president; Weizman, who replaces President Chaim Herzog, will serve a 5-year term.

May 16—In Gaza, 2 Israeli and 2 Palestinian civilians are slain by gunmen; Palestinian Liberation Organization (PLO) and Hamas militants jointly claim responsibility for the killings.

May 29—The army places the West Bank town of Hebron under curfew as it searches for those who stabbed an Israeli settler to death last night; since May 3 Israeli soldiers have killed 15 Palestinians and have wounded 89 others during street clashes.

June 11—Army officials say they have issued orders that ban discrimination against homosexuals in recruitment and assignments.

June 29—Middle East Watch, a US-based human rights group, issues a report asserting that of the 120 Palestinian fugitives killed by army undercover units since December 1987, most presented little or no danger to the soldiers and many were suspected of committing only minor crimes.

July 1—In Jerusalem, 2 Hamas gunmen who had opened fire on a crowded bus are killed by soldiers as they flee in a hijacked car; 2 civilians are killed by the gunmen, and at least 3 others wounded.

In Gaza City, in the Israeli-occupied Gaza Strip, Palestinians shoot and kill another Palestinian suspected of collaborating with Israeli authorities.

A grenade thrown at an army base guard post in Gaza City by an unknown assailant injures 4 Israeli soldiers.

July 8—In Rafah, in Gaza, Israeli soldiers shoot and kill a Palestinian wanted for attacks on soldiers and suspected Palestinian collaborators.

July 25—Iranian-backed Party of God rebels fire rockets at the northern town of Qiryat Shemona, near Israel's security zone in southern Lebanon, killing at least 2 Israelis and wounding about 23 others.

July 26—Chief of Staff Lieutenant General Ehud Barak reports that at least 100 rockets fired by rebels in Lebanon have landed in northern Israel in the last 2 days, wounding dozens of people.

Military officials say 1 Israeli soldier has been killed and 3 others have been wounded since an Israeli assault on rebel targets inside Lebanon began yesterday.

July 28—In the north, 5 people are injured by rocket attacks from Lebanon; government officials have said that as many as 10,000 people have fled south from Qiryat Shemona and that the remaining population of about 10,000 is living in shelters.

July 29—The supreme court acquits John Demjanjuk of being "Ivan the Terrible," a guard at the Treblinka concentration camp in Poland during World War II; Ukrainian by birth, Demjanjuk was extradited to Israel from the US in 1986.

Minister and Christian Democratic party leader Arnaldo Forlani he is under investigation in a 14-month-old national bribery and corruption scandal; 3 former prime ministers and more than 2,000 other politicians and business people have been implicated in, and 4 party leaders have resigned over, the so-called Tangentopoli (Bribe City) scandal; some suspects have also been charged with association with the Mafia.

April 10—Police arrest Roberto d'Alessandro, the president of Agusta SpA, a major helicopter manufacturer in the state-controlled defense industry, on charges involving a \$1.5-million bribe for a contract with the security forces.

April 19—Results of a national referendum held yesterday and today show 82.7% of voters endorsed the ending of pure proportional representation for three-quarters of the seats in the upper house of parliament; supporters hope this will lead to changes in the electoral law that will prevent weak coalition governments and establish a more stable political system.

April 20—Prime Minister Giuliano Amato resigns after 9 months in office.

April 29—Carlo Azeglio Ciampi, the director of the central bank, is sworn in as Italy's 52d postwar prime minister, along with a new cabinet; Ciampi, who has no declared allegiance to a party, is the 1st prime minister to be chosen from outside parliament.

Hours later, parliament, in a secret ballot, lifts the parliamentary immunity of former Socialist Prime Minister Bettino Craxi for minor infractions committed in Rome but not elsewhere, thus thwarting a judicial inquiry into \$29 million in bribes that Craxi allegedly accepted in Milan.

The Democratic Party of the Left, the renamed Communist party, withdraws its support from the government; 3 newly sworn-in cabinet ministers resign.

May 12—Franco Nobili, head of the Istituto per la Ricostruzione, the largest public corporation and biggest employer in Italy, is arrested in Rome on corruption charges stemming mostly from his tenure as head of a private construction firm accused of paying bribes to the state electricity utility.

May 14—A car bomb injures 23 people and heavily damages a residential block in Rome; investigators say the host of a television talk show that has covered the Mafia was probably the target.

May 18—Near Messina, Sicily, police arrest Benedetto (Nitto) Santapaola, the alleged 2nd-in-command of the Mafia. Since last year, police have arrested the men said to be the 3 highest-ranking members.

May 27—In Florence, a car bomb kills 5 people and seriously damages a wing of the Uffizi Gallery and more than a dozen works of art inside; authorities blame terrorists or the Mafia.

July 23—In Milan, Raul Gardini, the former head of the Ferruzzi-Montedison conglomerate, the 2d-largest firm in the country, is found dead of what is believed to be a self-inflicted gunshot wound; Gabriele Cagliari, chief of Ente Nazionale Idrocarburi (ENI), the state energy utility and by far the largest Italian corporation, apparently committed suicide in his Milan jail cell July 20; Gardini was under investigation, and Cagliari had been arrested, in the Tangentopoli scandal.

July 28—In Rome, 2 bombs injure 24 people and inflict severe damage on 2 historic churches. Late last night a car bomb killed at least 5 people in central Milan and damaged a gallery of modern art. No group has claimed responsibility for the blasts, but police link them to bombings in Florence and Rome in May.

## ITALY

(See also *Intl*, *UN*; *Italy*)

April 5—Magistrates in Milan officially notify former Prime

## JAMAICA

April 1—Preliminary results from the March 30 national elections



give Prime Minister P. J. Patterson a victory over Jamaica Labour party candidate Edward Seaga, *The New York Times* reports; Patterson's People's National party wins as many as 53 seats in the 60-member Parliament; at least 12 people died and another 10 were injured in politically motivated violence during the 3-week campaign.

## JAPAN

(See also *Cambodia*)

- April 13—The government announces a \$117-billion economic stimulus package will be adopted in an attempt to meet its 3.3% growth target for fiscal year 1993.
- April 15—Foreign Minister Michio Watanabe resigned earlier this month for health reasons, the *Far Eastern Economic Review* reports; Watanabe—a leader of the Liberal Democratic party—was considered the most likely successor to Prime Minister Kiichi Miyazawa.
- May 19—Financier Mitsuhiro Kotani is convicted for his part in a stock-manipulation scheme and given an 18-month suspended sentence; this is the 1st time the law against stock manipulation has been applied.
- June 9—Crown Prince Naruhito and Masako Owada, a former diplomat in the Foreign Ministry, are married in Tokyo.
- June 10—The government has announced it will loan Iran \$357 million for the 1st phase of construction for a hydroelectric plant, the *Far Eastern Economic Review* reports.
- June 18—The lower house of parliament passes a vote of no confidence against the government of Prime Minister Kiichi Miyazawa, 255 to 220, with 21 members absent and some seats vacant; 39 members of the Liberal Democratic party, which has held power for 38 years, vote against the government. Miyazawa dissolves the lower house and calls for early elections to be held July 18. The no-confidence motion follows Miyazawa and the LDP's abandonment June 15 of a series of electoral reform bills designed to restore public faith in a government plagued over the last 5 years by scandals involving corruption, sex, and gangsters.
- June 21—Ten members of the LDP leave to form the Sakigake (Harbinger party) under Masayoshi Takemura, former leader of an LDP political reform committee.
- June 23—At a news conference in Tokyo, former Finance Minister Tsutomu Hata, a leader of the LDP's most powerful faction, announces that he and 43 other Liberal Democratic members of the dissolved lower house who quit the party yesterday have formed the Shinseito (Renaissance party); Ichiro Ozawa, the LDP's former secretary general, is the new centrist party's key strategist.
- June 28—Fifty-seven LDP members of the dissolved lower house—more than one-fifth of the party's bloc—have now left the party, *The New York Times* reports.
- July 10—After more than 3 months of discussion, Japan agrees to take measures to reduce its \$50-billion trade surplus with the US; the accord, announced today in Tokyo, targets areas that include increasing Japanese government procurement of foreign products, boosting imports of foreign auto parts, and economic harmonization, or making entry into the Japanese market easier for foreigners. Specific agreements covering high-priority areas such as government procurement, the insurance market, and automobiles are to be completed within 6 months.
- July 18—The chairman and 2 other top executives of Kirin Brewery Company, the country's largest beer producer and an influential corporate member of the Mitsubishi group, resign after the arrests of 4 Kirin officers on charges they paid \$305,000 to members of the sokaiya gang, which specializes in corporate extortion.

- July 19—Results from elections for the 511-seat lower house of parliament, held yesterday, show the LDP won 223 seats, down from 275 in 1990, falling 33 short of the majority it has held since its inception in 1955. The Socialist party, the largest opposition party in the postwar period, lost nearly half its seats, winning only 70. Komeito (Clean Government party) captured 51 seats. The renegade Liberal Democrats of Shinseito (now known as the Japan Renewal party) took 55 seats, while 2 other new parties, the Japan New party and Sakigake (Harbinger party), won 35 and 13 seats, respectively.
- July 22—Miyazawa resigns as head of the LDP.
- July 29—Leaders of a 7-party coalition of LDP defectors and Socialist and conservative opposition politicians select Morihiro Hosokawa as their choice for prime minister in a new government; Hosokawa left the LDP to found the reformist Japan New party 14 months ago.
- July 30—The Liberal Democrats elect Yohei Kono the new head of the party; Kono was the chief cabinet secretary in Miyazawa's government.

## JORDAN

- May 27—In statements to the national press this week, King Hussein announced he has broken off relations with the Iraqi government of President Saddam Hussein, *The New York Times* reports; the 2 nations had been allies for more than 10 years.
- July 10—The government news agency announces that King Hussein has called for multiparty general elections in November; if held, they would be the 1st multiparty elections since 1956.

## KOREA, NORTH

(See also *Intl*, *IAEA*)

- April 9—The appointment of Kim Jong Il as chairman of the National Defense Committee—1 of the 3 highest posts in the government—is announced in Pyongyang; Kim is the son of President Kim Il Sung.
- June 11—After negotiations with the US, the government suspends its March decision to withdraw from the nuclear Non-Proliferation Treaty. Just hours before, Japanese sources reported that in late May North Korea conducted its first successful test of a midrange missile capable of reaching Japan.

## KOREA, SOUTH

- May 24—In his 3d purge of high-ranking military officials since February, President Kim Young Sam fires 4 generals for their roles in a December 1979 coup.
- July 17—Following an investigation of the military's procurement system, Lee Jong Koo, defense minister from 1990 to 1991; his predecessor, Lee Sang Hoon; former air force chief of staff Han Joo Sok; and former chief of naval operations Kim Chul Woo are arrested on charges that they took more than \$1 million in bribes from military suppliers; also implicated are a former national security adviser and the head of the Hyundai Group, who has been indicted on bribery charges. Since President Kim took office in February, more than 1,000 people have been jailed in his anti-corruption drive.

## KUWAIT

(See also *Iraq*)

- June 8—At a news conference, First Deputy Prime Minister and

Foreign Minister Sheik Sabah al-Ahmad says his country as well as other Arab nations have effectively discontinued the so-called "secondary boycott" against Israel by dealing with businesses that also do business with Israel.

June 12—A state security court gives the death penalty to 10 Jordanians convicted of aiding Iraqi forces against the Kuwaiti resistance in 1990; an 11th Jordanian is sentenced to 4 years in prison and fined \$3,300. Last week the court sentenced 5 Iraqis to death for attempting to persuade Kuwaitis to join Iraq's ruling Baath party during the occupation.

June 19—The state security court hands down the death sentence to an Iraqi for collaboration with the invading Iraqi forces during the country's occupation. The court has also sentenced Colonel Alaa Hussein Khafaaji to death, in absentia, for allowing himself to be named prime minister of Kuwait while it was occupied; the colonel is believed to be living in Iraq.

## KYRGYZSTAN

May 10—The government introduces the nation's new currency, the som, to replace the ruble.

## LEBANON

(See also *Israel*)

April 1—In the Nahr el-Bared refugee district, 6 Israeli gunboats and 2 helicopters attack bases belonging to the Iranian-backed Islamic Holy War; 3 people are wounded.

April 13—Militants from Islamic Resistance, the military arm of the Iranian-backed Party of God, detonate a bomb near the village of Qantara, just outside Israel's self-declared security zone in southern Lebanon, killing 3 Israeli soldiers and wounding 2 others; Israeli troops retaliate with a heavy artillery and rocket attack that wounds 8 civilians and a UN soldier.

April 16—Israeli helicopters attack the motorcade of a top Popular Front for the Liberation of Palestine (PFLP) official, killing 3 people and wounding 4 others.

April 17—Party of God militants and members of the Syrian-backed Shiite Amal militia take responsibility for today's shelling of a military position near Shoumariye in the Israeli security zone; a militiaman with the Israeli-backed South Lebanon Army is killed in the attack.

April 21—The Israeli army and South Lebanon Army trade artillery and rocket attacks with the Islamic Resistance in and around the security zone, killing 2 civilians and wounding 9 others.

June 10—Fatah, the mainstream faction within the Palestine Liberation Organization, accuses the Fatah Revolutionary Council, a rival group, of last night's slaying of Fatah official Ahmed Mohammed Mahzoumi in a southern refugee camp.

June 29—Iranian-backed rebels trade rocket, artillery, and gunfire with the Israeli army and the South Lebanon Army near the southern town of Al Mansureh; 1 civilian is killed and as many as 10 other noncombatants are wounded.

July 8—The Popular Front for the Liberation of Palestine takes responsibility for an ambush today in the Israeli security zone in which 2 Israeli soldiers were killed and 3 wounded; 1 of the guerrilla attackers was killed.

July 9—Three Israeli soldiers are killed and 5 others wounded in the security zone after Party of God guerrillas launch a rocket attack on their positions; Israeli helicopters and artillery batteries respond by firing at Party of God and PFLP positions north of the security zone.

July 22—Party of God guerrillas trade artillery fire with Israeli

soldiers and members of the South Lebanon Army militia in the security zone, killing 1 Israeli soldier and wounding 2 militiamen; Israel claims the rebels were aided by the Lebanese army.

Just north of the security zone, 87 Palestinians deported from Israel last December return to their tent camp when Israeli soldiers fire artillery shells in their direction after the refugees attempt to walk into the security zone.

July 25—Israel conducts 1 of its heaviest air raids on rebel targets throughout Lebanon in years, killing at least 9 Lebanese soldiers; at least 3 Syrian soldiers are killed and 3 others are wounded; several other people are reported killed or wounded.

July 29—Large numbers of Israeli troops, artillery, and armored vehicles move into the security zone during the 5th day of the Israeli assault on Party of God positions in Lebanon; at least 1 Lebanese soldier is killed in a bombing attack near the port city of Tyre.

Israeli military officials say they have blockaded Beirut, Tyre, and the port city of Sidon in order to prevent weapons and ammunition from reaching Party of God rebels.

July 31—Israel and Lebanon sign a US-brokered cease-fire. More than 130 rebels and civilians were killed in the weeklong assault—the largest since the Israeli invasion in 1982—and more than 500 people were wounded; as many as 200,000 Lebanese have fled north from their homes to escape the fighting.

## LIBERIA

June 10—At Carter Camp, 40 miles northwest of Monrovia, the capital, medical workers say the bodies of 547 refugees killed in a massacre June 6 have been buried; some 750 people were also reported wounded. Witnesses have said the attackers were members of Charles Taylor's National Patriotic Front of Liberia, which has waged a 3-year war against the government; Taylor has denied his group was involved, blaming instead the militias of the country's armed forces. Two soldiers from the Economic Community of West African States military force in Liberia were killed when they arrived at the camp to help; none of the attackers was captured or killed.

## LIECHTENSTEIN

May 27—Parliament elects Markus Buechel of the conservative Progressive Citizens party head of government; the centrist Fatherland Union lost elections in February, after holding power for 15 years.

## LITHUANIA

July 3—The government has adopted a new currency, the litas, to replace the ruble, *The Economist* reports.

## MACEDONIA

(See also *Intl*, *UN*)

May 8—The country introduces a new currency, the denar, which is to replace the coupons used since Macedonia seceded from Yugoslavia in September 1991.

July 12—Another 200 US troops arrive in Skopje; the 300-member US force will join about 700 Scandinavian troops in patrolling the country's border with Yugoslavia, in an effort to prevent war from spreading throughout the Balkans.

## MALAWI

June 16—The chairman of the electoral commission announces that 63% of those who cast ballots in a June 14 referendum on the political future of the country voted in favor of adopting Western-style democracy. The heads of the 2 main opposition groups, the United Democratic Front and the Alliance for Democracy, call for the formation of an interim coalition government, and for presidential and parliamentary elections before Christmas. President Hastings Kamuzu Banda, who has ruled for 29 years, agreed to the referendum after anti-government riots last year and the suspension of \$70 million in aid by foreign donors.

## MALAYSIA

April 29—The government has announced it will permit Vietnamese refugees with professional skills to remain in the country, the *Far Eastern Economic Review* reports; 1,000 of the nation's approximately 14,000 Vietnamese refugees began a hunger strike on April 7 to demand asylum.

July 8—Defense Minister Datuk Seri Najib Razak has announced that the government will purchase 18 MiG-29 fighter planes from Russia and 8 F-18 strike aircraft from the US, the *Far Eastern Economic Review* reports.

## MEXICO

(See also US)

May 3—In a shootout just north of Mexico City, police kill Emilio Quintero Payán, one of the country's major cocaine traffickers.

May 24—At the airport in Guadalajara, Juan Jesús Cardinal Posadas Ocampo, the country's 2d-ranking Roman Catholic leader, is killed along with 6 other people in his party when they are caught in the crossfire of a drug-related shootout.

June 10—Federal police officials say Joaquín Guzmán Loera, the alleged head of the Sinaloa drug trafficking cartel, was captured along with 5 others by Guatemalan police in Guatemala yesterday; police suspect Guzmán was the target of the shootout that killed Cardinal Posadas Ocampo.

July 18—The last of the more than 650 Chinese refugees intercepted 2 weeks ago by the US Coast Guard 60 miles off the Mexican coast are returned to China; the Mexican government agreed on July 14 to become responsible for their repatriation; 1 refugee has been sent to the US to pursue an application for political asylum.

## MONACO

(See Intl, UN)

## MONGOLIA

June 6—President Punsalmaagiyn Ochirbat is reelected with approximately 58% of the vote, defeating Lodongiyn Tudev, the candidate of the Mongolian People's Revolutionary party (MPRP), the former Communist party; approximately 90% of the nation's eligible voters turn out; Ochirbat, once a member of the MPRP, ran as head of a coalition made up of the opposition Social Democratic and National Democratic parties.

## MOROCCO

June 26—Results from yesterday's elections for 222 legislative seats

give 99 to opposition party candidates and 74 to the governing coalition's parties; it is the 1st time opposition parties have received the largest number of seats in the 333-member parliament; the 1st 2 women members are also elected.

## NEPAL

July 8—In Katmandu, the capital, supporters of the Unified Marxist Leninist party staged violent demonstrations from June 25 to June 29 to protest a government inquiry into the deaths of party General Secretary Madan Bhandari and another party leader on May 16, the *Far Eastern Economic Review* reports; at least 11 people were shot and killed by police during the unrest, and a nighttime curfew was imposed on the city; the government says the 2 men were killed in a car accident.

## NEW ZEALAND

May 15—For the 1st time in almost 6 years, a French ship docks in Auckland, *The Economist* reports; in 1985 the French government admitted that French agents in New Zealand had mined and sank the *Rainbow Warrior*, a ship that the environmental group Greenpeace planned to use to protest French nuclear testing in the Pacific; 1 crew member was killed in the attack.

## NICARAGUA

July 21—Demobilized Sandinista soldiers kidnap Noel Rivas Gasteazoro, the Nicaraguan ambassador to Honduras, his wife, and a driver near Estelí in northern Nicaragua; the soldiers, who are called Re-compas, say they have not been given the land and support promised by the government when they demobilized after democratic elections in 1990; the Sandinistas took over the government in a revolution in 1979 and held power until the elections were held.

July 22—After 2 days of fighting, at least 100 people have been killed or wounded as army units using tanks, helicopters, and artillery rebuff an attack on Estelí by the Re-compas.

Honduran officials say Gasteazoro has been released unharmed, but do not disclose the whereabouts of his wife or the driver.

July 26—Foreign diplomats claim the attack on Estelí by the Re-compas and the recapture of the city by government forces was orchestrated by Major Víctor Manuel Gallegos, a former Sandinista, and army commander General Humberto Ortega, *The New York Times* reports; Ortega, the brother of former Sandinista President Daniel Ortega, has denied these allegations; Gallegos reportedly escaped from Estelí with \$4 million stolen from the city's banks.

## NIGERIA

(See also US)

June 8—The high court in Abuja, the new capital, rules it must hear allegations of vote-tampering and corruption brought by the Association for a Better Nigeria, a group that backs extending military rule, before results from the presidential election scheduled to be held June 12 are announced.

June 16—The government-appointed National Electoral Commission sets aside the results of the June 12 election; General Ibrahim Babangida, who came to power in a 1985 coup and heads the military government, still says troops will



return to their barracks August 27; 2 legal parties, both of them created and largely financed by the government, competed in the election, which international observers called generally free and fair.

June 18—The Campaign for Democracy, a human rights group based in Lagos, releases what it says are final vote counts from the election, showing that Moshood Abiola of the Social Democratic party defeated Bashir Tofa, the National Republican Convention's candidate; using counts from state election officials later turned over to the National Electoral Commission, the group says Abiola, a publisher and industrialist, garnered 58.4% of the vote, to Tofa's 41.6%; only 14.3 million of some 39 million eligible voters went to the polls.

June 23—Babangida annuls the election and suspends the electoral commission; he says contradictory orders by various courts on what should be done with the election results is the reason for the annulment.

June 26—In a nationally televised speech, Babangida announces a new presidential election will be held at some unspecified date; new eligibility laws will prevent Abiola and Tofa from running, he says. Babangida also says he has evidence the 2 candidates paid out more than \$60 million for votes.

June 30—At least 30 officers holding the rank of colonel or above, including 8 brigadier generals, have announced their retirement from the military to protest the election's annulment, *The New York Times* reports.

July 6—For a 2d day, tens of thousands of people riot and loot in Lagos during demonstrations calling for an end to military rule; as many as 24 people have been killed.

July 7—Federal troops end the rioting in Lagos; at least 6 people are killed in scattered clashes, although the government denies any casualties in the unrest. Protests also take place in Ibadan, 60 miles west of Lagos, and Ilorin, 250 miles north.

After a meeting in Abuja between Babangida and senior leaders from the 2 official parties, an agreement is announced on a new political arrangement that will return civilian rule on August 27; the 2 parties will form an interim national government that will organize elections at a later date.

## OMAN

June 14—Indian Prime Minister P. V. Narasimha Rao arrives for a 2-day visit; in March India and Oman agreed to conduct studies to determine the feasibility of building a natural gas pipeline between the 2 countries and creating a jointly run oil refinery.

## PAKISTAN

(See also *India*; *US*)

April 18—President Ghulam Ishaq Khan dismisses Prime Minister Nawaz Sharif and his government, accusing Sharif of corruption and mismanagement; he also dissolves the National Assembly. Ishaq Khan names a caretaker cabinet to govern until elections are held; no date for the balloting is announced.

May 26—Without comment, the Supreme Court overturns the presidential order dismissing the government and dissolving parliament, and reinstates Sharif and the other officials.

June 29—The government imposes direct rule on Punjab; one of Ishaq Khan's allies is the chief minister of the province; the last imposition of direct rule was in 1973, when the government faced a separatist insurgency in Baluchistan.

July 18—Ishaq Khan and Sharif resign, parliament is dissolved, and elections are called for October; the actions come after nearly 4 months of political fighting between the president and the prime minister. Moeen A Quresh, a former senior vice president of the World Bank, is sworn in as prime minister of a

caretaker government, and Wasim Sajjad, chairman of the Senate, becomes acting president.

## PANAMA

(See *Guatemala*)

## PARAGUAY

May 10—Ruling Colorado party candidate Juan Carlos Wasmosy is declared the winner of yesterday's presidential election with about 39% of the vote; Domingo Laíno of the Liberal party received 32% and National Encounter's Guillermo Caballero Vargas, 27%. The Colorado party, which has held the presidency since 1947, also won a majority of the country's 17 governorships and a significant number of seats in the 125-member congress.

## PERU

April 2—Government soldiers kill 12 members of the Maoist Shining Path guerrilla group in a gun battle in the country's Amazon region.

April 5—Near the northern city of Trujillo, 7 police officers, 3 soldiers, and 1 civilian are killed in a Shining Path attack.

April 30—The government announces that a Shining Path member convicted of killing an American journalist in 1989 has been sentenced to 30 years in prison by a secret government court.

May 7—An Argentine air force plane flies General Rodolfo Robles Espinoza and his family from Lima to Buenos Aires, after Argentina grants him asylum; the army's 3d-in-command, Robles spent 2 days in the US embassy after his investigation into the July 1992 killing of 9 students and a professor at Enrique Guzmán University discovered what it alleges is an army cover-up of an execution squad headed by an aide close to President Alberto Fujimori.

July 27—A car bomb explodes outside the American embassy in Lima, wounding 4 people and setting buildings ablaze; embassy guards kill 1 person in a shootout with suspected members of the Shining Path. The attack follows a series of bombings around Lima that began 2 days ago.

## POLAND

(See also *Intl*, *EC*; *Germany*)

May 7—The Senate completes passage of a government plan to privatize 600 state-owned enterprises; shares will go into 20 funds that will initially be managed by Western investment companies; the lower house of parliament rejected the bill in March but reversed itself last month. More than 50% of Polish workers are now employed in the private sector.

May 28—The 6-party coalition government of Prime Minister Hanna Suchocka loses, 223 to 222, a no-confidence motion called in parliament to protest the government's fiscal austerity; Suchocka's is the 4th government to collapse since 1989.

May 29—President Lech Walesa announces he is dissolving parliament, and says Suchocka will remain as head of a caretaker government until elections are held in September.

## ROMANIA

(See also *Intl*, *EC*, *UN*)

May 5—Gypsy leaders from 14 countries and government

representatives from 11 countries met recently in Snagov to create a declaration asking European nations to address human rights and other issues that affect Gypsy communities, *The New York Times* reports; as a result of more than 30 slayings of Gypsies in Romania and the former Czechoslovakia and the increased economic instability in the region during the last 3 years, tens of thousands of Gypsies have fled to wealthier nations; approximately 8 million Gypsies live in Europe.

July 24—The government has granted Hungarian-language teaching rights and has met other demands of the country's 1.7-million Hungarian minority, *The Economist* reports.

## RUSSIA

(See also *Intl*, *CIS*, *GATT*, *G7*, *IMF*; *Azerbaijan*; *China*; *Cuba*; *Estonia*; *Georgia*; *Greece*; *Malaysia*; *Tajikistan*)

April 10—Finance Minister Boris Fyodorov announces that the central bank has agreed to limit to 30% over 1st-quarter levels the growth of low- and no-interest loans to industry, the former Soviet republics, and the government itself in the year's 2d quarter.

April 22—Procurator General Valentin Stepankov releases a statement saying Defense Minister Pavel Grachev was involved in the illegal sale of Soviet military property in the former East Germany.

April 27—*The New York Times* reports on a government-led study of Soviet dumping of radioactive waste at sea issued last month in Russia; the report says the Soviet Union disposed of 2.5 million curies of radioactive material in this manner; the figure includes the radioactive remains of 6 nuclear-powered submarines dumped into the Kara Sea; in the past, the Communist leadership in the Soviet Union denied it had ever dumped radioactive waste in the oceans.

April 29—With most of the ballots from the April 25 nationwide referendum counted, results show 58% of those voting support President Boris Yeltsin's presidency and 53% back the government's economic reform policy; 67.5% of voters call for early elections for the Congress of People's Deputies, which continues to oppose Yeltsin, while only 49% back early elections for president; about 65% of registered voters participated.

Yeltsin presents a draft of a new constitution that would establish a strong presidency with the ability to dissolve parliament and a much smaller bicameral legislature; a constituent assembly is to begin work next month on creating a final version of the new constitution.

May 1—In the worst disturbance in Moscow since the 1991 aborted coup, demonstrators in a small May Day march organized by the right-wing National Salvation Front attack police blocking their path; about 275 police officers and protesters are injured in the ensuing riot.

May 18—In Moscow, the 3 presiding military judges suspend the trial of 12 leaders of the August 1991 hard-line Communist coup against Soviet President Mikhail Gorbachev; they say Russia's standing parliament, the Supreme Soviet, must rule on possible bias by Procurator General Stepankov, who is prosecuting the case, and his deputy, Yevgeny Lisov.

June 1—Addressing 1,500 national and regional legislators called for a meeting in Moscow by Ruslan Khasbulatov, speaker of the parliament, Vice President Aleksandr Rutskoi says the legislature should disband Yeltsin's government "completely and immediately"; Rutskoi calls government economic policies "an economic crime against the people."

June 5—In Moscow, Yeltsin convenes a constitutional conference scheduled to last 11 days; in attendance are 692 delegates from the 88 "subjects of the federation"—major cities, provinces, republics, autonomous regions, and territories—and from

Russia's major political and social organizations. Khasbulatov walks out, followed by about 50 delegates; the speaker of parliament tells reporters that Yeltsin's draft constitution, which would establish a powerful presidency with the right to dissolve parliament, is "a lopsided czarist bill," and says, "it has now become clear that we are moving toward dictatorship."

June 25—The government halts deliveries of natural gas to Estonia; yesterday Yeltsin said Estonia's new residency law constituted "crude discrimination" against the ethnic Russians who make up one-third of Estonia's population; gas company officials say supplies were cut off because Estonia owes \$11 million; Russia is Estonia's only supplier for the commodity.

July 9—Parliament votes, 160 to 0, with 1 abstention, to declare the Crimean port of Sevastopol, which is within the territory of Ukraine, a "federal Russian city"; Yeltsin and Ukraine's president, Leonid Kravchuk, agreed last week to divide the Black Sea Fleet, based in Sevastopol, by 1995; Sevastopol has a large ethnic Russian population; officers and sailors of the fleet are near mutiny, saying the fleet should remain in Russian hands.

July 12—In Moscow, the constitutional conference votes, 433 to 62, with 63 abstentions, to approve the draft of a new constitution; details of the document are not immediately made public, but it is known to include provisions for a strong presidency, a smaller bicameral parliament, extensive checks and balances, and greater autonomy for the 20 ethnic republics; only 8 of Russia's 20 ethnic republics initial the draft.

July 15—After weekend talks, Russia, Ukraine, and Belarus have announced agreement on economic integration and the creation of a "single economic space," *The New York Times* reports; a draft treaty is to be prepared by September 1; together the 3 Slavic countries accounted for more than 70% of the population of the former Soviet Union, and an even larger part of its industrial capacity.

July 23—The Congress of People's Deputies recesses for the summer, after pushing through many bills that Yeltsin is expected to veto or the government is expected simply to disregard; a large number were approved almost unanimously, since most legislators from the liberal minority have ceased participating in the body and parliament has lowered the percentage of members necessary for a quorum to half. The new bills include legislation giving parliament complete control over the central bank; a budget double the state's anticipated revenues; cancellation of a presidential order mandating that 3,000 large state-owned firms privatize this year, with at least 29% of shares in them purchased with vouchers by nonemployees; and restrictions on foreign religious groups in Russia.

July 26—Yeltsin issues a decree softening a central bank currency revision designed to eliminate pre-1993 ruble notes; the revision was announced July 24 with the backing of Prime Minister Viktor Chernomyrdin but without the approval of the Finance Ministry or Yeltsin; Russians may now exchange 100,000 old rubles (about \$100) for new ones before September 1, rather than 35,000 by August 7; may exchange 10,000-ruble notes above this limit; and may use all 10-ruble notes until September; excess old rubles may be deposited in a state bank, where they will be frozen for 6 months at low interest before being exchanged; the plan is designed to slow the circulation of money through Russia's cash-dependent economy and so reduce inflation, to allow for standardization of the currency, and to force other former Soviet republics to adopt their own currencies or accept greater Russian control over use of the ruble.

July 28—The state statistics agency reports that GDP fell 14% in the 1st half of 1993.

## RWANDA

(See *Intl, UN*)

## SAUDI ARABIA

May 22—The Saudi Press Agency reports 9 Iraqi refugees were shot to death by security forces and another 12 injured during a March 9 riot at the Rafha refugee camp near the Iraqi border; 4 Saudis were also killed in the riot.

## SENEGAL

May 9—Eighty-four of parliament's 120 seats are won by Socialist party candidates in today's legislative elections; the Senegalese Democratic party, the main opposition party, receives 27 seats; the Jappo Legueeyal Senegalese party and the Democratic League win 3 seats each; the Independence and Labor party receives 2 seats and the Senegalese Democratic Union/Renewal party wins a lone seat; President Abdou Diouf, the Socialist party candidate, was reelected on February 21; the Socialist party has ruled the country since 1960.

## SLOVAKIA

(See *Intl, EC*)

## SOLOMON ISLANDS

June 18—Independent legislator Francis Billy Hilly is elected prime minister by the 38-member parliament; a variety of party candidates and independents received seats in the May 26 parliamentary elections.

## SOMALIA

(See also *Intl, UN, Germany*)

May 1—In Mogadishu, the US special envoy to the country, Robert Gosende, says the US plans to provide as much as \$190 million to relief agencies working in Somalia through a US-based international aid agency during fiscal year 1992–1993.

May 4—The US turns over to the UN control of the military effort to provide humanitarian relief in Somalia, which began December 9; Lieutenant General Cevik Bir of Turkey, the UN commander, will lead a new force expected to include 28,000 troops, 4,000 Americans among them. Eight Americans and 10 soldiers from other countries have been killed during the operation.

June 5—In 2 separate incidents in Mogadishu, fighters reported to be members of General Mohammed Farah Aidid's faction ambush troops from the UN mission in the country, killing 23 Pakistani UN troops and wounding 56; at least 15 Somalis are killed; not since 1961 in the Congo have so many UN peacekeepers been killed in a single incident. In April some 4,000 Pakistani troops took over from the US responsibility for security in the capital.

June 7—In response to what they say was a sniper attack from the crowd, Pakistani troops fire on anti-UN demonstrators outside their headquarters in Mogadishu, killing 2 Somalis.

June 13—Responding to the June 5 killing of the peacekeepers, and in keeping with a newly aggressive policy on disarming Mogadishu, several hundred UN troops, assisted by helicopters and gunships, mount attacks in the capital aimed against Aidid's faction; they destroy 4 weapons depots and the

group's radio station; 200 Somalis are taken prisoner; 1 Somali militiaman is reported killed, while no injuries are reported among the UN force. The US State and Defense Departments have said Aidid planned the murder of the peacekeepers; he has denied his forces were involved.

In 2 incidents following the operation against Aidid, Pakistani peacekeepers inside their barricaded compound in central Mogadishu open fire on stone-throwing Somalis apparently demonstrating against the UN action; at least 20 protesters are killed, and about 50 wounded; the UN is investigating.

June 14—For a 3d consecutive day in Mogadishu, US aircraft and UN forces attack weapons storage sites used by Aidid's faction; a rocket launcher is destroyed and 3 civilians are reported wounded. Aidid, who controls about two-thirds of Mogadishu along with pockets in southern Somalia, has said he commands about 15,000 fighters, but US Defense Department officials estimate the number of his "reliable" troops at between 3,000 and 4,000.

June 17—UN troops storm Aidid's headquarters and those of Colonel Omar Jess, one of Aidid's principal allies; at least 5 peacekeepers and 60 Somalis are reported killed and 46 peacekeepers and more than 100 Somalis wounded in a gun battle outside Aidid's compound. For approximately 24 hours UN gunships bombard Mogadishu as peacekeeping troops conduct house-to-house searches; between 160 and 180 suspected members of Aidid's militia are taken prisoner at the compound; Aidid and many of his top aides are still at large.

June 18—Somalis say UN rockets and artillery fire yesterday killed at least 10 people and wounded many more at Digfer Hospital in the capital; the UN says the hospital, which has been used as a command post for Aidid's militia, was not a target. Before the fighting yesterday Moroccan peacekeepers had been ambushed near the hospital; 4 peacekeepers died and 14 were wounded.

A 24th Pakistani peacekeeper dies as a result of wounds sustained in the June 5 ambush.

June 21—Eleven political groups allied with Mohammed Ali Mahdi, the self-proclaimed president of Somalia who fought a civil war against Aidid, call on the UN to disarm and police the country, take control of Somali assets and embassies abroad, and sponsor new peace talks.

June 28—In Mogadishu, US troops fire on a crowd from a helicopter, killing 2 Somalis; the incident occurs after 1 UN Pakistani soldier was killed and 2 others were wounded by a sniper; yesterday 2 US soldiers and 1 Pakistani peacekeeper were shot and wounded in the same area of the capital.

July 2—In Mogadishu, UN troops searching for weapons are ambushed by snipers; at least 3 Italian peacekeepers are killed and 20 wounded, while at least 5 Somalis are killed and 42 wounded when UN troops counterattack.

July 12—UN helicopter gunships fire 16 missiles and more than 2,000 20-millimeter cannon rounds into the villa used as a command center by Aidid's militia; the United Somali Congress, of which Aidid's group is a faction, says 73 Somali civilians were killed and as many as 200 wounded, while the UN reports 13 deaths and 11 injuries among Somalis. Foreign journalists on their way to the site are attacked by more than 100 Somalis, who kill 3 of the journalists.

July 16—Italy announces it will not replace its commander in Somalia, General Bruno Loi; the UN requested that Loi be relieved after an Italian detachment in southern Somalia refused to carry out orders from the mission's central command until they cleared them with Rome; Italy has said it would pull out of the UN mission if attacks against Aidid were continued.

July 24—In Mogadishu, 2 US peacekeepers are wounded in an ambush; US troops kill 2 of the Somali attackers.



July 26—After a grenade attack on a UN compound in Mogadishu, gunners in US helicopters kill 3 Somalis, according to a UN spokeswoman; Somalis claiming to represent victims' families say at least 6 were killed and 13 wounded.

## SOUTH AFRICA

- April 5—Masked attackers kill 10 sleeping black supporters of the African National Congress (ANC) at a house in Natal province. On April 2 and 3, 8 blacks were killed by gunmen in Sebokeng and Evaton townships, which are south of Johannesburg.
- April 10—Chris Hani, the general secretary of the Communist party and longtime militant member of the ANC's governing executive committee, is assassinated at his home in a Johannesburg suburb; police arrest Januzu Jakub Waluz, a Polish immigrant who is a member of the right-wing Afrikaner Resistance Movement.
- April 14—During a nationwide day of mourning for Hani, rioting and looting in Cape Town, Durban, Pietermaritzburg, and other cities leaves at least 7 people dead, including 3 shot by police in Soweto; hundreds are injured, despite the presence of crowd-control marshals from the ANC and 23,000 police; most of the country's 6 million black workers participate in a 1-day strike.
- May 8—Police announce that Clive Derby-Lewis, a former Conservative member of parliament and prominent opponent of majority rule, and his wife, Gaye, will be charged with murder in Hani's death; the right-wing Conservative party is the official white opposition.
- May 10—At least 46 people were killed over the weekend in violence throughout the country, the ANC and police report, including 15 in Natal province who died in fighting between supporters of the ANC and the Zulu-based Inkatha Freedom party.
- May 25—In what they term a crackdown on terrorism, police arrest 75 members of the Pan Africanist Congress, a militant black group whose guerrilla arm, the Azanian People's Liberation Army (APLA), has been accused of murdering many police officers and white civilians.
- May 27—Police release 43 of the arrested militants; 32 APLA members remain in custody; of these, 4 have been formally charged with possession of ammunition.
- June 2—An appeals court in Bloemfontein upholds the conviction of Winnie Mandela, a former ANC official and the estranged wife of ANC President Nelson Mandela, on charges she ordered the 1988 kidnapping of 4 black youths, but suspends the lower court's 5-year prison sentence.
- June 16—*The New York Times* reports on a reorganization by the Sanlam Group, 1 of South Africa's most powerful conglomerates; the group will sell control of its Metropolitan Life insurance company to a black consortium; the deal holds the potential for eventually creating the largest pool of black-controlled capital in the country.
- June 23—At their 1st meeting in more than 2 years, political rivals Nelson Mandela of the ANC and Chief Mangosuthu Gatsha Buthelezi of the Inkatha Freedom party agree to jointly tour areas torn by conflict between blacks and appeal for a cease-fire.
- June 25—After negotiators' rejection yesterday of rightists' demands for an independent Afrikaner homeland, hundreds of armed followers of the Afrikaner Resistance Movement, led by Eugene Terre Blanche, storm the World Trade Center outside Johannesburg, where representatives from 26 groups are participating in talks on the country's political future; unopposed by riot police, the militants occupy the building for 2 hours, rough up black journalists and an Indian negotiator, spray-paint graffiti, and then disperse.
- June 29—Police say they have arrested 21 of the militants involved in yesterday's incident at the World Trade Center.
- July 2—Outside Johannesburg, at talks on the country's political future, the full negotiating forum agrees on next April 27 as the date for the 1st general election in which voters of all races will participate.
- July 7—Forty-nine blacks have died in factional violence in Katlehong and Tokoza townships that began July 5, apparently as a feud between owners of rival taxi services, *The New York Times* reports.
- July 18—Inkatha announces it will boycott the talks on South Africa's political future until it is given veto power over the final agreement; yesterday the white separatist Conservative party said it was suspending its participation until its demand for an autonomous province for whites was met.
- A shootout in Soweto between police and bodyguards protecting ANC deputy president Walter Sisulu leaves 1 guard dead; each side says the other fired 1st.
- July 25—Black attackers armed with automatic rifles and grenades kill 11 people—9 whites and 2 people of mixed race—and wound 50 at a service at a multiracial church in suburban Cape Town; several anonymous callers who say they represent the Pan Africanist Congress either claim that that group was responsible or deny that it was. An estimated 3,000 South Africans died in political violence last year, 630 of them whites.

## SPAIN

- April 10—Prime Minister Felipe González announces his Socialist Workers party has formally accepted the resignation of Guillermo Galeote, the party's former finance chief, who was suspended 2 years ago after allegations of illegal party funding in the late 1980s.
- April 21—The Health Ministry announces the government will pay about \$86,000 in compensation to more than 1,000 hemophiliacs infected through blood transfusions with HIV, which causes AIDS.
- May 13—For the 3d time since September, Spain devalues the peseta; the move is seen as weakening chances for monetary union in the EC.
- June 8—Results from parliamentary elections held June 6 show the Socialist Workers party under González lost control of parliament for the 1st time in a decade, winning 159 of the lower house's 350 seats, while the conservative People's party under José María Aznar took 141; the remainder of the seats went to the Communist-led United Left, which received about 9% of the vote, and to regional parties. An economic slump has led to 21.7% unemployment in the country.
- June 21—Two bomb explosions in central Madrid kill 6 soldiers and a civilian driver in a military vehicle and wound 20 people, several critically; police suspect Euskadi ta Askatasuna (ETA), the Basque terrorist organization.

## SRI LANKA

- April 23—Outside Colombo, the capital, Lalith Athulathmudali, the country's leading opposition politician, is fatally shot while addressing a political rally before provincial council elections; his assailant escapes; no group claims responsibility.
- May 1—A suicide bomber with explosives attached to his body assassinates President Ranasinghe Premadasa at a political rally in the capital; 23 other people are killed, including several presidential aides. The government says the rebel Liberation

Tigers of Tamil Eelam is responsible, but the group denies involvement. The rebels have waged a decade-long guerrilla war for an independent state for the island's Tamil ethnic minority; about 18,000 people have died.

May 7—Parliament unanimously elects Prime Minister Dingiri Banda Wijetunge president.

May 9—Police identify Premadasa's assassin as Kulkaweerasingham Veerakumar, a resident of a Tamil rebel stronghold in northern Sri Lanka. They also name as Athulathmudali's killer Kandiah Ragunathan, a Tamil from Jaffna province, which is under the control of the Liberation Tigers.

## SUDAN

April 11—UN officials in Lokichokio, Kenya, say they have suspended relief supply deliveries to southern Sudan because of increased fighting between 2 factions of the rebel Sudanese People's Liberation Army and an attack on a UN worker in Kongor.

## TAIWAN

(See China)

## TAJIKISTAN

June 17—Two Russian officers are shot and killed by unknown gunmen at a base near Pyandzh; they were members of a Russian contingent helping defend Tajikistan's southern border against attacks by rebels who lost a war against the government last year and then fled to Afghanistan.

June 26—The supreme court has banned opposition parties, *The Economist* reports; the court said the 4 opposition parties in the country had been seeking the overthrow of the "constitutional system."

July 18—Iftar-Tass, a Russian news agency, reports that rebels recently raided a village east of the capital, Dushanbe, in which 40 rebels and 5 government troops were killed; the rebels, who are opposed to acting head of state Emomali Rakhmonov, attacked a post near the border with Afghanistan last week, killing 25 Russian soldiers stationed in the country under an agreement signed last year.

## THAILAND

April 9—Indian Prime Minister P. V. Narasimha Rao and Thai government officials wind up a 3-day visit with a pledge of greater diplomatic and economic cooperation between India and Thailand; this is Rao's 1st visit as prime minister to a member of the Association of Southeast Asian Nations.

May 29—The navy seizes a fishing boat en route to Malaysia from Cambodia carrying 100 kilograms of heroin.

July 17—*The Economist* reports that Thailand has announced that it plans to buy 33 military helicopters from Russia for \$133 million.

## TURKEY

(See also Azerbaijan)

April 17—President Turgut Ozal dies of a heart attack; Ozal, who was prime minister from 1983–1989, became the country's 1st democratically elected president in 30 years.

May 16—Prime Minister Suleyman Demirel is sworn in as president after receiving 244 of a possible 450 votes in parliamentary balloting for the office.

May 25—Interior Minister Ismet Sezgin announces that as many as 150 Kurdish rebels belonging to the Kurdish Workers party (PKK) killed at least 33 soldiers and 2 civilians in an ambush of a bus yesterday in the southeastern province of Bingol; about 20 hostages taken in the action were rescued by security forces; at least 10 guerrillas have been killed by troops in clashes since the incident took place; the violence effectively abrogates a unilateral March 20 cease-fire undertaken by the PKK.

June 12—In his 1st official visit as US secretary of state to Turkey, Warren Christopher announces the US will provide Turkey with \$336-million worth of military aircraft and equipment; Christopher also asks that Turkey work to improve its human rights record.

June 14—Demirel names Tansu Ciller as the nation's 1st woman prime minister; at an emergency congress of the True Path party yesterday, Ciller received nearly 80% of the 1,170 delegates' votes to become the party's leader; the True Path party is the stronger member of a governing coalition with the Socialist Democratic Populist party.

June 24—Police in more than 12 cities in Denmark, France, Germany, Sweden, and Switzerland suspect members of the PKK for attacks today on Turkish businesses and diplomatic missions; in Munich, a group of at least 5 Kurds surrenders after releasing 20 hostages they had taken at the Turkish consulate; in Bern, Switzerland, a clash with police outside the Turkish embassy leaves 1 Kurdish demonstrator dead, 6 others wounded, and 1 police officer injured; the actions were taken to draw attention to the PKK's goal of establishing an independent Kurdish state in Turkey.

June 27—The southwestern resort city of Antalya is rocked by a series of explosions that wound about 24 people; authorities suspect the PKK in the bombings.

July 2—In the central city of Sivas, 40 people are killed and about 145 others are injured when a mob of militant Islamic fundamentalists set fire to a hotel where an editor whom they accused of encouraging atheism was staying.

July 5—In the province of Erzincan, PKK guerrillas kill 28 people for not supporting the group's goal of creating an independent Kurdistan.

## UGANDA

(See Intl, UN)

## UKRAINE

(See also Intl, CIS, UN; Russia)

June 16—President Leonid Kravchuk issues a decree granting him control of "all central noneconomic organs" and granting Prime Minister Leonid Kuchma emergency powers over the economy; in a speech before parliament yesterday, Kuchma said if he were not granted powers to amend laws and dismiss officials, "dictatorship will be unavoidable in a month." Kuchma has 3 times in recent weeks submitted his resignation in the conflict over emergency powers, but parliament has not accepted it.

June 17—Giving in to demands of industrial and mine workers in the Donbas region who have been on strike for more than a week, parliament agrees to hold a referendum in September on citizens' confidence in the president and parliament; the majority of the population in the region is ethnic Russian, and demands for autonomy there are increasing.

July 27—After a meeting between Defense Minister Konstantin Morozov and US Defense Secretary Les Aspin at which the 2 sign a military cooperation agreement, the US Defense Department discloses that Ukraine has begun dismantling some of the 130 SS-19 long-range nuclear missiles left in its territory after the breakup of the Soviet Union; the US says it will contribute \$175 million toward the process; Ukraine has declined to discuss the dismantling of its more modern SS-24 missiles.

## UNITED KINGDOM (UK)

### Great Britain

- April 16—Unions for employees of the country's state-owned railroads and coal mines stage a 1-day strike to protest threatened layoffs due to privatization of the industries; 1 million passengers are stranded, and half the country's coal mines cannot operate; rail and bus workers also struck April 2.
- April 24—In the financial district of London, a bomb concealed in a parked truck explodes, killing 1 person, injuring about 40 people, and causing as much as \$1.5 billion in damages; the Irish Republican Army (IRA) claims responsibility.
- May 20—After 6 months of debate, the House of Commons approves, 292 to 112, a bill ratifying a version of the Maastricht treaty on European union signed in 1991 by EC heads of state.
- May 27—Prime Minister John Major shuffles his cabinet, forcing the resignation of Norman Lamont, chancellor of the exchequer, and switching 5 other members to different portfolios.
- July 23—The Conservative government wins a vote of confidence in parliament called by Prime Minister John Major on the issue of the EC's Maastricht treaty on European union; the tally is 339 to 299. Of the 12 EC countries, only Britain and Germany have not completed ratification of the treaty, pending court rulings.

### Northern Ireland

- May 20—In Belfast, a truck bomb planted by the IRA near the headquarters of the Ulster Unionist party explodes while experts attempt to disarm it; 20 police officers and civilians are injured.
- July 5—Protestant militants, including members of the Ulster Volunteer Force and the Ulster Freedom Fighters, riot for a 3d consecutive night, fighting running battles with police; the clashes began after the funeral of a militant killed by his own grenade in an apparent attempt to attack the Royal Ulster Constabulary.
- July 17—In Crossmaglen, 45 miles south of Belfast, a sniper kills a British soldier; no one claims responsibility; another soldier was killed by a gunman June 26 in Beleck.

## UNITED STATES (US)

(See also Intl, G7, Ibero-American Conference, UN; China; Cuba; Egypt; Guatemala; Iraq; Japan; Korea, North; Macedonia; Malaysia; Mexico; Somalia)

- April 2—The State Department announces that the Nicaraguan government will receive \$50 million in US economic aid that has been held up since last June; the administration of President George Bush released \$54 million in December; the US says it withheld the funds because of human rights abuses, the large number of Sandinistas in the government, and outstanding land claims.
- April 5—Sixteen Haitian refugees infected with HIV, the virus that

causes AIDS, arrive in Miami from the Guantánamo Bay US naval base in Cuba; a federal judge ruled last month that the US government must provide medical care for at least 250 HIV-infected Haitian refugees either at Guantánamo Bay or some other location.

- April 15—The State Department has issued a report saying that Pakistan produces 70 tons of heroin annually, of which 20 tons are exported; this would make Pakistan 1 of the world's leading heroin producers, according to the *Far Eastern Economic Review*.
- April 19—Near Waco, Texas, the leader of the Branch Davidian cult, David Koresh, and more than 80 of his followers are killed in a fire that burns their compound to the ground; the Branch Davidians faced FBI and Bureau of Alcohol, Tobacco and Firearms (ATF) agents in a 51-day standoff after cult members killed 4 ATF agents attempting to arrest Koresh on weapons charges.
- April 25—In Washington, hundreds of thousands of demonstrators march in support of homosexual rights and an end to discrimination against homosexuals.
- April 27—The Dalai Lama, the exiled Tibetan Buddhist leader, meets with Vice President Al Gore and, briefly, with President Bill Clinton.
- April 30—The State Department releases a report showing 361 terrorist acts occurred in 1992 worldwide, a 36% drop from the 567 incidents reported for 1991; this is the smallest number of terrorist acts in 17 years.
- May 19—The Clinton administration formally recognizes Angola in an attempt to bolster the formerly Marxist government; the government won elections held earlier this year, but the rebel National Union for the Total Independence of Angola (UNITA) has continued to fight.
- May 28—Clinton renews China's Most Favored Nation trading status and sets the condition that China's human rights record be improved before MFN status is renewed next year.
- June 4—The Clinton administration announces it will freeze the US assets of 83 people and 35 organizations supporting the military-backed government of Haitian Prime Minister Marc Bazin because diplomatic attempts to restore President Jean-Bertrand Aristide to power have failed; it is the most severe action taken by the US against Haiti since Aristide was overthrown in September 1991.
- June 6—A freighter carrying about 300 illegal Chinese immigrants runs aground on Long Island, New York; at least 8 people die and 16 are injured, and 265 are taken into custody. Nearly 2,000 illegal Chinese immigrants have been intercepted since January.
- June 8—In New York, a federal judge orders that the remaining 158 Haitian refugees held at the Guantánamo Bay US naval base in Cuba released and the camp closed; the refugees, who are eligible for political asylum, have been held at the base for nearly 20 months because they are infected with HIV.
- June 14—Twenty-seven Haitian refugees—21 of whom are HIV-infected—are released from the Guantánamo Bay camp after a 20-month confinement; those remaining are expected to be released within the next 2 weeks.
- June 17—The Coast Guard returns to Haiti 87 Haitian refugees intercepted at sea.
- June 21—The Supreme Court upholds, by an 8-1 vote, the policy of repatriating without asylum hearings Haitian refugees intercepted at sea; the policy was instituted last year under the Bush administration and has continued under Clinton; almost 40,000 Haitians have fled their homeland and more than 10,700 have entered the US seeking asylum since the military ouster of Aristide.
- At a news conference, Secretary of State Warren Christopher says the US pledges not to abduct Mexican



citizens while the 2 countries are negotiating an agreement on ending the practice; the issue stems from the 1990 kidnapping of Dr. Humberto Alvarez Machain for his alleged involvement in the torture of a US Drug Enforcement Administration agent who later died.

June 23—Calling the Nigerian military's nullification of the June 12 presidential election "outrageous," a State Department spokesman says the US has suspended \$1 million in nonrelief aid to the country; some \$22 million in relief aid will not be suspended; the department also recalls 2 US diplomats from the country and expels Nigeria's military attaché in the US.

The Clinton administration announces it will not send US military engineers to help determine whether 175 bodies found in a mass grave near Vukovar, Croatia, were Croat victims of war crimes, as the UN has requested; instead, the US will give approximately \$180,000-worth of equipment to Physicians for Human Rights, a Boston-based group that is helping the Croatian government investigate the killings.

June 24—FBI officials announce they have arrested 8 people in New York and nearby cities on charges of plotting to detonate bombs at the UN building, the FBI's New York headquarters, in 2 tunnels, and at other locations; the 8 are believed to be members of a militant Islamic group.

June 30—The Clinton administration announces it will allow nonlethal military equipment to be sold to the Angolan government; an arms embargo was instituted against both sides in the country's civil war as part of the 1991 peace agreement.

July 2—In New York, federal authorities detain Sheik Omar Abdel Rahman on charges that he violated immigration laws; federal officials have stated they believe Rahman, an exiled Egyptian fundamentalist cleric, had some involvement with the plot to bomb several locations in New York for which the 8 people were arrested on June 24.

July 4—Puerto Rico's governor, Pedro J. Rossello, approves conditions for a popular vote on November 14 where voters will choose whether to become the 51st state, to retain Puerto Rico's commonwealth status, or to seek independence. The last such vote was taken in 1967, when independence was not an option.

July 14—In a letter to the Senate Foreign Relations Committee, the Clinton administration formally declares that it considers the so-called "Star Wars" program to be in violation of the 1972 Anti-Ballistic Missile (ABM) treaty that was signed in 1972; in 1985, President Ronald Reagan justified the creation of the program by saying that it falls outside the jurisdiction of the ABM treaty.

July 23—The Clinton administration says it will allow US phone companies to extend phone service to Cuba.

July 24—The government has allocated \$55 million in order to buy back more than 300 Stinger missiles from former Afghan rebels, *The New York Times* reports; the US sent about 1,000 Stinger missiles to the Afghan rebels fighting the Soviet-backed Afghan government as part of a \$3 billion covert aid program between 1986 and 1989.

July 27—The US International Trade Commission rules that many of the tariffs imposed on imported steel are unnecessary and eliminates them; the decision by the federal agency removes barriers on several types of steel from many countries that had been effectively barred from the US for nearly 30 years.

## VENEZUELA

May 21—Senate President Octavio Lepage automatically becomes Venezuela's acting president after the senate votes unanimously to permit the supreme court to try President Carlos Andrés Pérez on charges that he embezzled \$17 million

in government funds; within 30 days the senate will elect a new national president, who will serve until February 2, 1994, the end of Pérez's term.

June 5—Congress elects independent Senator Ramón José Velásquez the nation's interim president; Velásquez is to serve until the end of Pérez's term, when the winner of the presidential election scheduled for December will assume office.

## VIETNAM

(See also *Malaysia*)

May 13—Chinese Defense Minister Chi Haotian arrives on the 1st official visit by a high-ranking Chinese military official since the border war between the 2 nations in 1979.

May 27—A court in Ho Chi Minh City delivers a 20-year prison sentence to a former lieutenant in the South Vietnamese army who was arrested in February for plotting to plant bombs in the city; 5 accomplices were given sentences of from 5 to 15 years.

June 17—China has opened a consulate in Ho Chi Minh City, the *Far Eastern Economic Review* reports; it is China's 1st consulate in Vietnam since the nation was reunified in 1975.

## YEMEN

April 27—In its 1st open multiparty elections since unification in May 1990, 121 General People's Congress party candidates win seats in the 301-member unicameral parliament; 62 seats are gained by the Islamic and tribalist party, Islaah; the Yemeni Socialist party—the ruling party of the former People's Democratic Republic of Yemen—receives 56 seats; 47 independent candidates and 15 others from 5 other parties are also elected; approximately 3,500 candidates were fielded for this, the 1st such elections held on the Arabian peninsula.

## YUGOSLAVIA

(See also *Intl, UN; Bosnia and Herzegovina*)

April 15—Police in the republic of Serbia announce that unidentified gunmen stole almost \$2 million in cash from the main safes of the Jugoskandic bank in Belgrade; the money was reportedly the only funds the bank had left.

May 22—Near Glogovac in Kosovo, a province of Serbia where about 90% of the population is ethnic Albanian, reports circulate that 2 police officers are killed and another 5 wounded by gunmen who ambush their van today.

June 1—In Belgrade, the lower house of parliament votes, 75 to 30, with 10 abstentions, to remove President Dobrica Cosic from his post; the upper house votes, 22 to 10, in favor of the removal, with 4 abstentions and 4 members absent; parliament says the vote was taken because Cosic violated the constitution last year by slowing the appointment of supreme court justices and a prime minister; Cosic had been criticized by members of the ultra-nationalist Serbian Radical party for supporting moderate measures to end the war in Bosnia and Herzegovina.

June 2—A night of clashes between thousands of rioters and police leaves 1 police officer dead and 32 other people injured; the riots began after parliament's vote on Cosic.

June 19—In Belgrade, police clash with about 2,000 demonstrators demanding the release of opposition leader Vuk Draskovic; Draskovic and his wife were arrested June 2 for leading demonstrations that day outside the parliament building.

June 25—The federal parliament elects Zoran Lilic, the speaker of Serbia's parliament, president of Yugoslavia

June 30—The government bans a UN human rights investigation in the republics of Serbia and Montenegro.

In Belgrade, Draskovic is formally charged with participating in a violent protest and obstructing the police.

July 2—The government announces it is banning Conference on Security and Cooperation in Europe (CSCE) human rights monitors from operating in the country until Yugoslavia is reinstated as a member; the CSCE barred the new Yugoslavia—made up of the provinces of Serbia and Montenegro—last year because of its support for Serb militias in Bosnia and Herzegovina.

July 4—In Belgrade, about 10,000 people demonstrate for

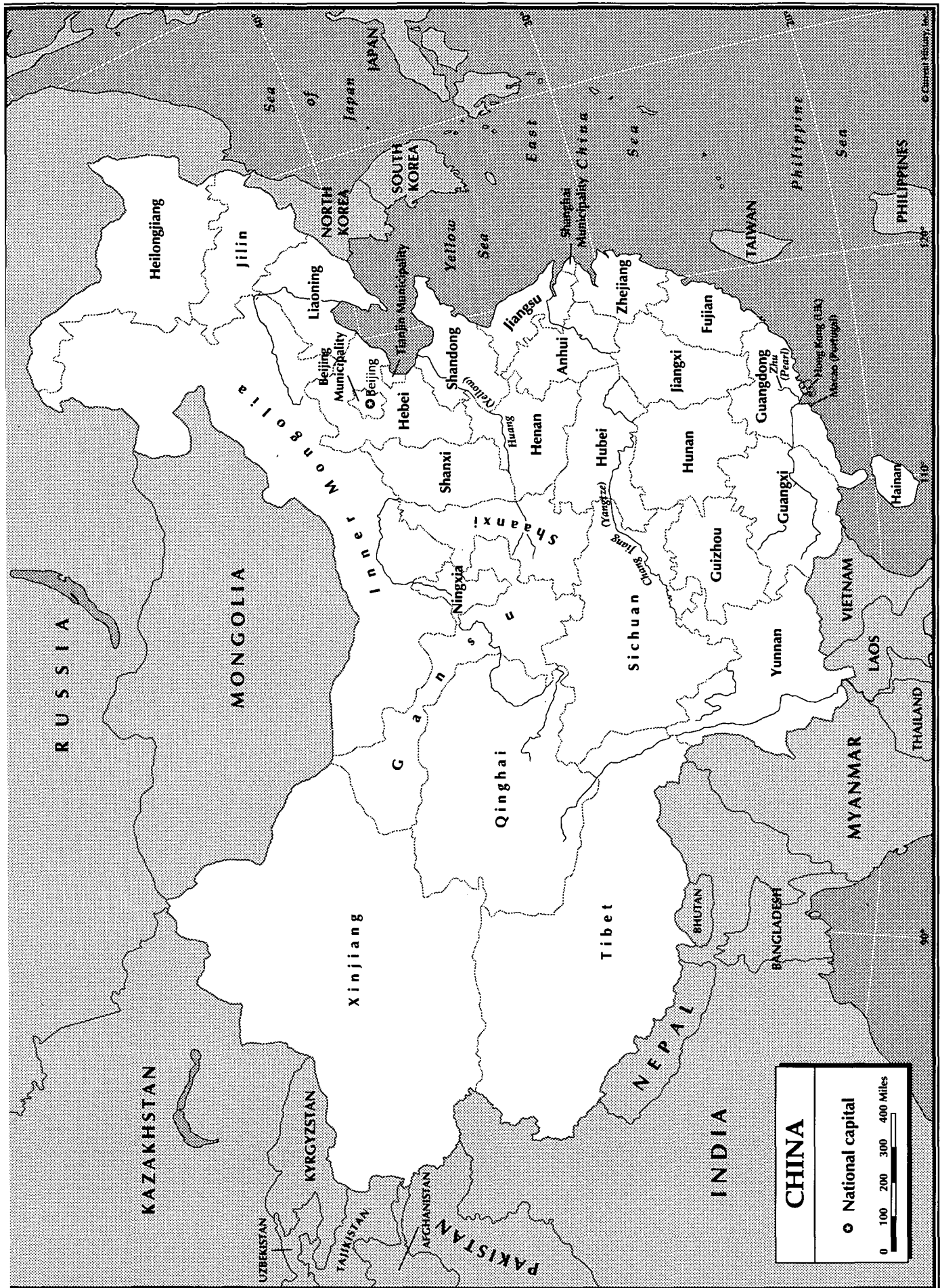
the release of Draskovic and his wife.

July 9—Under orders from Serbian President Slobodan Milosevic, police release Draskovic and his wife from jail.

## **ZAIRE**

June 22—The relief agency Doctors Without Borders reports that at least 1,000 people have been killed in fighting since March between ethnic Rwandans and Zairians in the Walikale and Masisi districts in the northeast; 111,000 refugees have fled the area, it estimates; more than 100 villages have been partially or completely destroyed. ■







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